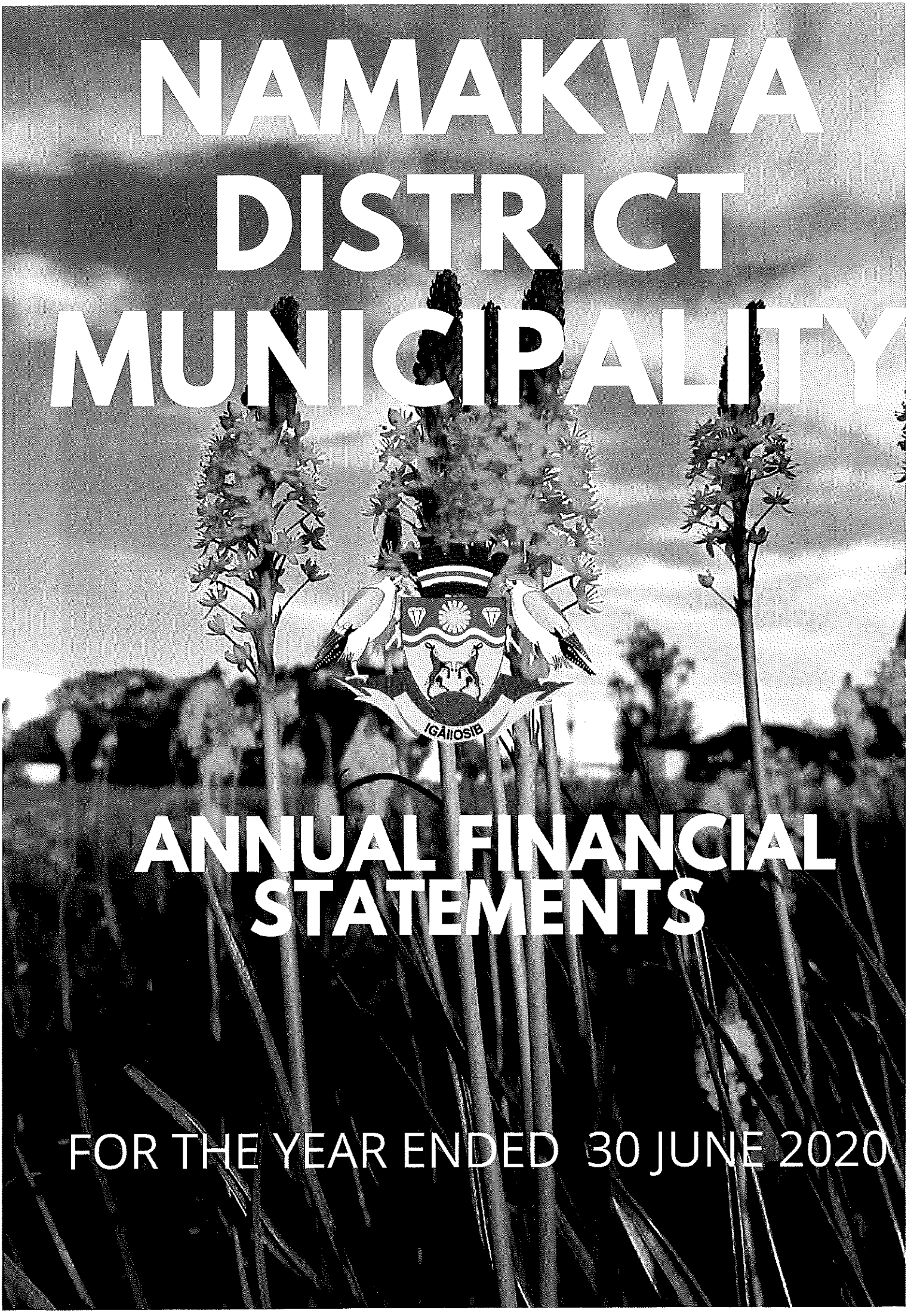

NAMAKWA DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

NAMAKWA DISTRICT MUNICIPALITY

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NAMAKWA DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

GENERAL INFORMATION

NATURE OF BUSINESS

Namakwa Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Namakwa District Municipality includes the municipal areas of Khai-Ma Municipality, Nama Khoi Municipality, Richtersveld Municipality, Kamiesberg Municipality, Hantam Municipality and Karoo Hoogland Municipality.

EXECUTIVE MAYOR

MJ Cloete

SPEAKER

GY Pieters

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor	MJ Cloete
Executive Councillor	WJP Links
Executive Councillor	JE Davids
Executive Councillor	HJ Jack

MUNICIPAL MANAGER

CJ Fortuin

CHIEF FINANCIAL OFFICER

R Datadin

REGISTERED OFFICE

Private Bag X20
SPRINGBOK
8240

AUDITORS

Office of the Auditor-General (Province)

PRINCIPLE BANKERS

Nedbank

CONTACT INFORMATION

Telephone number: (027) 712 8000
Email address: info@namakwa-dm.gov.za
Website: http://www.namakwa-dm.gov.za

NAMAKWA DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

GENERAL INFORMATION

ATTORNEYS

Schreuders Attorneys
Nash Vandayor & Associates
T Nyanlungu Incorporated
Reagon Brown Inc
Matthews & Partners
TNK Attorneys
Ndaba t/a H&E Inc
GN Moabelo

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)
Collective Agreements
Division of Revenue Act
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Infrastructure Grants
Municipal Budget and Reporting Regulations
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
SALBC Leave Regulations
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax Act
Water Services Act (Act no 108 of 1997)

MEMBERS OF THE NAMAKWA DISTRICT MUNICIPALITY

MJ Cloete	Mayor
GY Pieters	Speaker
HJ Jack	Member of the Executive Committee
WJP Links	Member of the Executive Committee
JE Davids	Member of the Executive Committee
CG Coetzee	Member
A Minnies	Member
CR Warne	Member
FJ Farao	Member
G Gous	Member
EP Cloete	Member
ZP De Jongh	Member
AM Beukes	Member
GJ Coetzee	Member
AW Beukes	Member

NAMAKWA DISTRICT MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2020, which are set out on pages 1 to 105 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board. As per Government Gazette no. 43582 dated 5 August 2020, National Treasury has granted municipalities a two-month extention regarding the submission of annual financial statements. The municipality has taken advantage of this exemption.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2021 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements were prepared on the going concern basis and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

CJ Fortuin
Municipal Manager

31/10/2020
Date

NAMAKWA DISTRICT MUNICIPALITY

REPORT OF THE AUDITOR GENERAL

NAMAKWA DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020

	Notes	2020 R	2019 R
ASSETS			
Non-Current Assets		**7 325 751**	**9 079 267**
Property, Plant and Equipment	2	7 074 631	8 759 164
Investment Property	3	54 468	81 561
Intangible Assets	4	196 653	238 541
Current Assets		**9 712 863**	**9 917 064**
Receivables from Exchange Transactions	5	535 547	317 954
Receivables from Non-exchange Transactions	6	4 828 717	1 781 574
Taxes	14.3	160 292	280 039
Cash and Cash Equivalents	7.1	4 188 307	7 537 497
Total Assets		**17 038 614**	**18 996 331**
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		**17 988 830**	**19 922 359**
Long-term Borrowings	8	92 830	233 635
Non-current Employee Benefits	9	17 896 000	19 688 724
Current Liabilities		**8 060 112**	**9 350 443**
Consumer Deposits	10	6 896	6 896
Current Employee Benefits	11	4 334 935	4 107 462
Trade and Other Payables from Exchange Transactions	12	2 646 154	3 494 907
Unspent Transfers and Subsidies	13	931 321	1 610 388
Current Portion of Long-term Borrowings	8	140 805	130 790
Total Liabilities		**26 048 941**	**29 272 802**
Net Assets		**(9 010 327)**	**(10 276 471)**
Capital Replacement Reserve	15	96 745	73 832
Accumulated Surplus/(Deficit)		(9 107 072)	(10 350 302)
Total Net Assets and Liabilities		**17 038 614**	**18 996 331**

NAMAKWA DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 R	2019 R
REVENUE			
Revenue from Non-exchange Transactions		**59 472 313**	**55 637 596**
Transfer Revenue		**56 929 809**	**55 635 172**
Government Grants and Subsidies	16	56 929 809	55 195 884
Contributed Property, Plant and Equipment	17	-	439 288
Other Revenue		**2 542 504**	**2 424**
Actuarial Gains	9	2 542 504	-
Fines. Penalties and Forfeits		-	2 424
Revenue from Exchange Transactions		**12 164 412**	**8 045 162**
Sales of Goods and Rendering of Services		-	184
Rental from Fixed Assets	18	1 006 430	933 397
Interest Earned - External Investments	19	934 429	1 325 951
Interest Earned - Exchange Transactions	20	75 687	82 908
Operational Revenue	21	10 147 866	5 702 722
Total Revenue		**71 636 725**	**63 682 758**
EXPENDITURE			
Employee related costs	22	(36 407 932)	(35 115 848)
Remuneration of Councillors	23	(3 202 134)	(3 118 533)
Contracted Services	24	(16 057 277)	(12 407 920)
Depreciation and Amortisation	25	(1 596 279)	(1 631 515)
Actuarial Losses	9	(23 239)	(3 262 797)
Finance Costs	26	(1 723 867)	(1 588 878)
Operating Leases		(21 370)	(24 344)
Transfers and Subsidies	27	(306 867)	(272 539)
Operational Costs	28	(10 724 922)	(11 929 626)
Total Expenditure		**(70 063 887)**	**(69 351 999)**
Operating Surplus/(Deficit) for the Year		**1 572 837**	**(5 669 241)**
Reversal of Impairment Loss/(Impairment Loss) on Receivables	29	99 970	596 679
Gains/(Loss) on Sale of Fixed Assets	30	(375 311)	(74 038)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	31	(31 353)	(88 993)
NET SURPLUS/(DEFICIT) FOR THE YEAR		**1 266 143**	**(5 235 593)**

NAMAKWA DISTRICT MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R
Balance at 1 July 2018	**60 983**	**(5 336 932)**	**(5 275 949)**
Correction of Error - Note 33.4	-	235 071	235 071
Restated balance	60 983	(5 101 861)	(5 040 878)
Net Surplus/(Deficit) for the year	-	(5 235 593)	(5 235 593)
Net Surplus/(Deficit) previously reported	-	(5 274 550)	(5 274 550)
Effects of Correction of Errors - Note 33.5		38 957	38 957
Transfer to/from CRR	2 759 032	(2 759 032)	-
Property, Plant and Equipment purchased	(2 746 184)	2 746 184	-
Restated balance	**73 832**	**(10 350 303)**	**(10 276 471)**
Net Surplus/(Deficit) for the year	-	1 266 143	1 266 143
Transfer to/from CRR	199 198	(199 198)	-
Property, Plant and Equipment purchased	(176 285)	176 285	-
Balance at 30 June 2020	**96 745**	**(9 107 073)**	**(9 010 328)**

NAMAKWA DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 R	2019 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		-	-
Service Charges		-	-
Other Revenue		8 065 217	6 991 191
Government - Operating		56 177 600	55 547 000
Government - Capital		73 141	-
Interest		934 429	1 326 051
Cash payments			
Suppliers and Employees		(67 866 985)	(64 314 037)
Finance Charges		(45 510)	(30 306)
Transfers and Grants		(306 867)	-
Net Cash from Operating Activities	**34**	**(2 968 975)**	**(480 101)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(216 108)	(3 770 026)
Purchase of Intangible Assets		(33 317)	(90 048)
Net Cash from Investing Activities		**(249 425)**	**(3 860 074)**
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowing - Long term/Refinancing		-	418 265
Repayment of Borrowing		(130 790)	(145 062)
Net Cash from Financing Activities		**(130 790)**	**273 203**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(3 349 190)	(4 066 972)
Cash and Cash Equivalents at the beginning of the year		7 537 497	11 604 468
Cash and Cash Equivalents at the end of the year	**35**	4 188 307	7 537 497
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(3 349 190)**	**(4 066 971)**

NAMAKWA DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	2020 R	%
ASSETS									
Current Assets									
Cash		13 933 043	(1 895 043)	12 038 000	-	-	12 038 000	674 704	-94.40%
Call Investment Deposits		-	-	-	-	-	-	3 513 603	100.00%
Consumer Debtors		673 280	-	673 280	-	-	673 280	5 524 556	720.54%
Other Debtors		-	-	-	-	-	-	-	
Current Portion of long-term receivables		-	-	-	-	-	-	-	
Inventory		-	-	-	-	-	-	-	
Total Current Assets	38.2.1	14 606 323	(1 895 043)	12 711 280	-	-	12 711 280	9 712 863	-23.59%
Non-Current Assets									
Long-term Receivables		-	-	-	-	-	-	-	
Investments		-	-	-	-	-	-	-	
Investment Property		69 156	(1 100)	68 056	-	-	68 056	54 468	-19.97%
Investment in Associates		-	-	-	-	-	-	-	
Property, Plant and Equipment		7 404 998	705 006	8 110 004	-	-	8 110 004	7 074 631	-12.77%
Agricultural Assets			-		-	-	-	-	
Biological Assets		-	-	-	-	-	-	-	
Intangible Assets		98 205	50 295	148 500	-	-	148 500	196 653	32.43%
Other Non-Current Assets		-	-	-	-	-	-	-	
Total Non-Current Assets	38.2.2	7 572 359	754 201	8 326 560	-	-	8 326 560	7 325 751	-12.02%
TOTAL ASSETS		22 178 682	(1 140 842)	21 037 840	-	-	21 037 840	17 038 614	-19.01%
LIABILITIES									
Current Liabilities									
Bank Overdraft		-	-	-	-	-	-	-	
Borrowing		-	130 790	130 790	-	-	130 790	140 805	7.66%
Consumer Deposits		-	-	-	-	-	-	6 896	100.00%
Trade and Other Payables		7 456 806	46 156	7 502 962	-	-	7 502 962	3 577 475	-52.32%
Provisions		2 302 418	-	2 302 418	-	-	2 302 418	4 334 935	88.28%
Total Current Liabilities	38.2.3	9 759 224	176 946	9 936 170	-	-	9 936 170	8 060 112	-18.88%
Non-Current Liabilities									
Borrowing		-	102 845	102 845	-	-	102 845	92 830	-9.74%
Provisions		19 731 202	4 455 044	24 186 246	-	-	24 186 246	17 896 000	-26.01%
Total Non-Current Liabilities	38.2.4	19 731 202	4 557 889	24 289 091	-	-	24 289 091	17 988 830	-25.94%
TOTAL LIABILITIES		29 490 426	4 734 835	34 225 261	-	-	34 225 261	26 048 941	-23.89%
NET ASSETS									
Accumulated Surplus/(Deficit)		(7 311 744)	(5 875 677)	(13 187 421)	-	-	(13 187 421)	(9 107 072)	-30.94%
Reserves		-	-	-	-	-	-	96 745	100.00%
TOTAL NET ASSETS	38.2.5	(7 311 744)	(5 875 677)	(13 187 421)	-	-	(13 187 421)	(9 010 327)	-31.67%

NAMAKWA DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
								2020	
		R	R	R	R	R	R	R	%
REVENUE									
Property Rates		-	-	-	-	-	-	-	
Service Charges - Electricity Revenue		-	-	-	-	-	-	-	
Service Charges - Water Revenue		-	-	-	-	-	-	-	
Service Charges - Sanitation Revenue		-	-	-	-	-	-	-	
Service Charges - Refuse Revenue		-	-	-	-	-	-	-	
Rental of Facilities and Equipment		1 123 851	-	1 123 851	-	-	1 123 851	1 006 430	-10.45%
Interest Earned - External Investments		2 800 000	-	2 800 000	-	-	2 800 000	934 429	-66.63%
Interest Earned - Outstanding Debtors		60 000	-	60 000	-	-	60 000	75 687	26.15%
Dividends Received		-	-	-	-	-	-	-	
Fines		-	-	-	-	-	-	-	
Licences and Permits		-	-	-	-	-	-	-	
Agency Services		6 500 000	(6 500 000)	-	-	-	-	-	
Transfers Recognised - Operational		58 320 542	4 804 450	63 124 992	-	-	63 124 992	56 856 667	-9.93%
Other Revenue		944 372	7 990 395	8 934 767	-	-	8 934 767	10 147 866	13.58%
Gains on Disposal of PPE		-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)	38.2.6	69 748 765	6 294 845	76 043 610	-	-	76 043 610	69 021 079	-9.23%
EXPENDITURE									
Employee Related Costs		40 531 563	(436 349)	40 095 214	-	-	40 095 214	33 888 667	-15.48%
Remuneration of Councillors		3 380 778	(84 197)	3 296 581	-	-	3 296 581	3 202 134	-2.86%
Debt Impairment		-	-	-	-	-	-	(99 970)	-100.00%
Depreciation and Asset Impairment		1 563 400	(5 400)	1 558 000	-	-	1 558 000	1 627 632	4.47%
Finance Charges		168 628	(8 106)	160 522	-	-	160 522	1 723 867	973.91%
Bulk Purchases		-	-	-	-	-	-	-	
Other Materials		1 164 329	206 545	1 370 874	-	-	1 370 874	-	-100.00%
Contracted Services		14 129 318	5 645 684	19 775 002	-	-	19 775 002	16 057 277	-18.80%
Transfers and Grants		220 000	32 000	252 000	-	-	252 000	306 867	21.77%
Other Expenditure		12 251 392	(59 785)	12 191 607	-	-	12 191 607	10 746 292	-11.86%
Loss on Disposal of PPE		-	-	-	-	-	-	375 311	100.00%
Total Expenditure	38.2.7	73 409 408	5 290 392	78 699 800	-	-	78 699 800	67 828 077	-13.81%
Surplus/(Deficit)		(3 660 643)	1 004 453	(2 656 190)	-	-	(2 656 190)	1 193 002	-144.91%
Transfers Recognised - Capital		200 000	(106 900)	93 100	-	-	93 100	73 141	-21.44%
Contributions Recognised - Capital		-	-	-	-	-	-	-	
Contributed Assets		-	-	-	-	-	-	-	
Surplus/(Deficit) after Capital Transfers & Contributions		(3 460 643)	897 553	(2 563 090)	-	-	(2 563 090)	1 266 143	-149.40%
Taxation		-	-	-		-	-	-	
Surplus/(Deficit) after Taxation		(3 460 643)	897 553	(2 563 090)	-	-	(2 563 090)	1 266 143	-149.40%
Attributable to Minorities		-	-	-	-	-	-	-	
Surplus/(Deficit) Attributable to Municipality		(3 460 643)	897 553	(2 563 090)	-	-	(2 563 090)	1 266 143	-149.40%
Share of Surplus/(Deficit) of Associate		-	-	-	-	-	-	-	
Surplus/(Deficit) for the year		(3 460 643)	897 553	(2 563 090)	-	-	(2 563 090)	1 266 143	-149.40%

NAMAKWA DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome 2020	Actual Outcome as % of Final Budget
		R	R	R	R	R	R	R	%
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Taxation		-	-	-	-	-	-	-	
Service Charges		-	-	-	-	-	-	-	
Other Revenue		8 534 943	2 791 885	11 326 828	-	-	11 326 828	8 065 217	-28.80%
Government - Operating		58 320 542	4 804 450	63 124 992	-	-	63 124 992	56 177 600	-11.01%
Government - Capital		200 000	(106 900)	93 100	-	-	93 100	73 141	-21.44%
Interest		2 860 000	-	2 860 000	-	-	2 860 000	934 429	-67.33%
Dividends		-	-	-	-	-	-	-	
Payments									
Suppliers and Employees		(65 206 670)	(6 488 305)	(71 694 975)	-	-	(71 694 975)	(67 866 985)	-5.34%
Finance costs		(168 628)	8 106	(160 522)	-	-	(160 522)	(45 510)	-71.65%
Transfers and Grants		(220 000)	(32 000)	(252 000)	-	-	(252 000)	(306 867)	21.77%
Net Cash from/(used) Operating Activities	38.2.8	4 320 187	977 236	5 297 423	-	-	5 297 423	(2 968 975)	-156.05%
CASH FLOW FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		-	-	-	-	-	-	-	
Decrease/(Increase) in Non-Current Debtors		-	-	-	-	-	-	-	
Decrease/(Increase) in Other Non-Current Receivables		-	-	-	-	-	-	-	
Decrease/(Increase) in Non-Current Investments		-	-	-	-	-	-	-	
Payments									
Capital Assets		(359 000)	(307 130)	(666 130)	-	-	(666 130)	(249 425)	-62.56%
Net Cash from/(used) Investing Activities	38.2.9	(359 000)	(307 130)	(666 130)	-	-	(666 130)	(249 425)	-62.56%
CASH FLOW FROM FINANCING ACTIVITIES									
Receipts									
Short Term Loans		-	-	-	-	-	-	-	
Borrowing long term/refinancing		-	-	-	-	-	-	-	
Increase/(Decrease) in Consumer Deposits		-	-	-	-	-	-	-	
Payments									
Repayment of Borrowing		-	(130 790)	(130 790)	-	-	(130 790)	(130 790)	0.00%
Net Cash from/(used) Financing Activities		-	(130 790)	(130 790)	-	-	(130 790)	(130 790)	0.00%
NET INCREASE/(DECREASE) IN CASH HELD		3 961 187	539 316	4 500 503	-	-	4 500 503	(3 349 190)	-174.42%
Cash and Cash Equivalents at the year begin:		9 971 856	(2 434 359)	7 537 497			7 537 497	7 537 497	0.00%
Cash and Cash Equivalents at the year end:		13 933 043	(1 895 043)	12 038 000	-	-	12 038 000	4 188 307	-65.21%

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – April 2019) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by the National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.3, on which the municipality was required to transacted for periods after 1 July 2019. The result of this process was a reclassification and naming of items in the annual financial statements. The reclassification of 2019 audited amounts are set out in note 32 of the annual financial statements.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts is disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;

- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the annual financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2018/19 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2020.

The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 34 (Revised – April 2020)	Separate Financial Statements The objective of this Standards is to prescribe the accounting and disclosure requirements in controlled entities, joint ventures and associates when an entity prepares separate financial statements. No significant impact expected as no such transactions or events are expected in the foreseeable future.	1 April 2020
GRAP 35 (Revised – April 2020)	Consolidated Financial Statements The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. No significant impact expected as no such transactions or events are expected in the foreseeable future.	1 April 2020
GRAP 36 (Revised – April 2020)	Investments in Associates and Joint Ventures The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 April 2020

REFERENCE	TOPIC	EFFECTIVE DATE
	No significant impact expected as no such transactions or events are expected in the foreseeable future.	
GRAP 37 (Revised – April 2020)	Joint Arrangements The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements) No significant impact expected as no such transactions or events are expected in the foreseeable future.	1 April 2020
GRAP 38 (Revised - April 2020)	Disclosure of Interest in Other Entities The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate: a) the nature of, and risks associated with, its interest in controlled entities unconsolidated controlled entities, joint arrangements and associates, and structure entities that are not consolidated; and b) the effects of those interests on its financial position, financial performance and cash flows. No significant impact expected as no such transactions or events are expected in the foreseeable future.	1 April 2020
GRAP 104 (Revised – April 2020)	Financial Instruments The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. The Municipality might need to revise the categories of financial instruments and the impairment model.	Unknown
GRAP 110 (Revised – April 2020)	Living and non-living resources The objective of this Standard is prescribing the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources. No significant impact expected as no such transactions or events are expected in the foreseeable future.	1 April 2020
IGRAP 20	Accounting for Adjustments on Revenue The Interpretation clarifies the accounting for adjustments to: a) exchange and non-exchange revenue charged in terms of legislation or similar means; and b) interest and penalties that arise from revenue already recognised	1 April 2020

REFERENCE	TOPIC	EFFECTIVE DATE
	as a result of the completion of a review, appeal, or objection process. No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation.	

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.10. LEASES

1.10.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over

the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.

- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.13. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;

- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.14. EMPLOYEE BENEFITS

(a) Pension and Retirement Fund Obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

(b) Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners

is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(d) Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

(e) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(f) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one

period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

1.15.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.15.3. Depreciation and Impairment

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

Land and Buildings	*Years*
Land	Indefinite
Buildings	10-50
Infrastructure	
Roads and Streets	10-30
Storm Water	20
Electricity	20-30
Water	15-20
Sanitation	15-20
Waste Management	30
Community	
Recreation Facilities	20-30
Housing	20-30
Community Halls	20-30
Libraries	20-30
Parks and Gardens	20-30

Clinics	20-30
Security and Policing	5
Finance lease assets	
Office equipment	1-3
Other Assets	1-5
Other	
Motor Vehicles	3-17
Furniture and other Office equipment	3-22
Plant and Equipment	3-15
Computer equipment	3-16
Other Buildings	50

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.15.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on

1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.16. INTANGIBLE ASSETS

1.16.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.16.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised

over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.16.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	Years
Computer Software	13
Computer Software Licenses	13

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

1.16.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.17. INVESTMENT PROPERTY

1.17.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.17.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.17.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at

each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	Years
Buildings	50

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

1.17.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.18.1. Cash generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the

technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the

asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.18.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:
(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case,

the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.19. NON-CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.20. INVENTORIES

1.20.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.20.2. Subsequent Measurement

Inventories, consisting of consumable stores, finished goods, and materials and supplies are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the

lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

1.21. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.21.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.21.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost (" other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.21.2.1. *Receivables*

Receivables are classified as financial assets at amortised cost and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for

financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.21.2.2. *Payables and Annuity Loans*

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.21.2.3. *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.21.2.4. *Non-Current Investments*

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.21.3. De-recognition

1.21.3.1. *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.21.3.2. *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.21.4. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.22. STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Receivables that arise due to contractual arrangements are accounted for in terms of the accounting policy on Financial Instruments. Statutory receivables can arise from both exchange and non-exchange transactions.

1.22.1. Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.22.2. Subsequent Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

(a) interest or other charges that may have accrued on the receivable;

(b) impairment losses; and
(c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.22.3. Derecognition

The Municipality derecognises a statutory receivable when:

(a) the rights to the cash flows from the receivable are settled, expire or are waived;
(b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
(c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

    i. derecognise the receivable; and
    ii. recognise separately any rights and obligations created or retained in the transfer.

1.22.4. Transitional Provisions

Every effort is made to ensure compliance with the standard, but due to the risk of omission of some items due to a lack of experience with implementing this standard, the municipality is utilising the transitional provisions contained within Directive 4 that grant the municipality a period of three years in order to finalise the classification and measurement for Statutory Receivables.

The transitional period commences from 1 June 2019 and will utilised until the period ending 30 June 2022.

1.23. REVENUE

1.23.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by the law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

1.23.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.24. TRANSFER OF FUNCTIONS (Municipality as acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or

- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

(a) identifying the acquirer (Municipality);
(b) determining the acquisition date;
(c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and

(d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.25. ACCOUNTING BY PRINCIPALS AND AGENTS

A principal-agent arrangement exists where there is a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

The municipality can be either the agent or the principal in terms of the circumstances of the arrangement.

Where the municipality is considered the principal, all revenues, expenses, liabilities and assets are recorded in the records of municipality in accordance with the relevant standards of GRAP.

Where the municipality is the agent to the transaction, only the portion of revenue and expenses it receives or incurs in executing the transactions on behalf of the principal is recorded with unspent or moneys due being recorded in terms of GRAP 104: Financial Instruments.

Identification

Special consideration is given to the classification of an agreement (once the standard is triggered) to carefully consider whether the municipality is an agent. The considerations include (all of) the following:

- Who determines significant terms?
- Who receives the benefit from the transactions?
- Is the municipality exposed to the variability of the outcome?

If these are not met, but the standard is applicable, the municipality would be regarded as the principal in the transaction.

1.26. SERVICE CONCESSION ARRANGEMENTS: (Municipality as grantor)

Identification

Service concession arrangements of the municipality include the provision of mandated functions on behalf of the municipality by the operator for a specified period of time, for which the operator is compensated for its services over the period of the service concession arrangement.

Initial Recognition

Service concession assets are measured initially at fair value except where the assets are existing assets of the municipality in which case the assets are reclassified at their carrying amounts. Service concession assets will be identified separately.

The service concession liability is recognised and initially measured at:

- The same amount as the service concession asset,
- Adjusted by the amount of any other consideration (e.g., cash) from the municipality to the operator, or from the operator to the municipality.

Subsequent Measurement

The municipality initially measures the service concession asset at fair value if it Is not an existing asset of the municipality.
After initial recognition, the municipality applies the measurement (including impairment) and derecognition principles to the service concession asset applicable to similar items of Property, Plant and Equipment, Intangible Assets or Heritage Assets.

Where the municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the municipality accounts for the liability as a financial liability.

The municipality allocates the payments to the operator and accounts for them according to their substance as a reduction in the service concession liability, a finance charge, and charges for services provided by the operator.

Other Liabilities, Contingent Liabilities, Contingent Assets and Revenue

The municipality accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and Financial Instruments.

The municipality accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the principles of Revenue from Exchange Transactions.

Dividing the arrangement

When the municipality pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

Were the municipality controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the municipality recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement. The value of the receivable at the end of the service concession arrangement reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

1.27. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).

- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

(a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

(a) all members of the governing body of the Municipality;
(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
(d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services

in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.28. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying

economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

Contingent Assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not fully within the control of the municipality.

1.32. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the carrying amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations and long service awards and are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 9 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an

assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Impairment of Statutory Receivables

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables. When insufficient information is available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels. Aggregation is based on best practice. Thereafter receivables are assessed based on historical information available.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuators to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.33. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.34. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.35. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2020

	Cost/Revaluation						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Additions	Transfers	Disposals	Impairment	Closing Balance	Opening Balance	Depreciation	Transfers	Disposals	Impairment	Closing Balance	
Other Assets													
Land	2 084 458	-	-	-	-	2 084 458	-	-	-	-	-	-	2 084 458
Buildings	10 181 190	-	135 000	(343 227)	-	9 972 963	8 300 382	366 052	118 800	(301 541)	2 953	8 486 646	1 486 317
Furniture and Office Equipment	4 943 901	216 109	-	(508 929)	-	4 651 080	4 361 324	181 932	-	(494 000)	7 760	4 057 015	594 065
Machinery and Equipment	2 980 924	-	-	(44 574)	-	2 936 350	2 278 483	171 037	-	(43 094)	17 563	2 423 990	512 360
Transport Assets	6 705 277	-	-	(1 000 600)	-	5 704 677	3 548 253	659 227	-	(683 380)	-	3 524 100	2 180 577
	26 895 750	216 109	135 000	(1 897 330)	-	25 349 529	18 488 442	1 378 248	118 800	(1 522 015)	28 276	18 491 751	6 857 778
Leases													
Furniture and Office Equipment	418 265	-	-	-	-	418 265	66 407	135 005	-	-	-	201 412	216 853
	418 265	-	-	-	-	418 265	66 407	135 005	-	-	-	201 412	216 853
Total	27 314 015	216 109	135 000	(1 897 330)	-	25 767 794	18 554 849	1 513 254	118 800	(1 522 015)	28 276	18 693 163	7 074 631

2.2 30 JUNE 2019

	Cost/Revaluation						Accumulated Depreciation and Impairment Losses						Carrying Value
	Opening Balance	Additions	Transfers	Disposals	Impairment	Closing Balance	Opening Balance	Depreciation	Transfers	Disposals	Impairment	Closing Balance	
Other Assets													
Land	2 084 458	-	-	-	-	2 084 458	-	-	-	-	-	-	2 084 458
Buildings	10 059 313	127 798	-	(5 921)	-	10 181 190	7 956 198	350 102	-	(5 918)	-	8 300 382	1 880 808
Furniture and Office Equipment	5 034 465	172 911	-	(263 475)	-	4 943 901	4 356 892	264 160	-	(261 226)	1 498	4 361 324	582 577
Machinery and Equipment	2 888 980	116 831	-	(24 887)	-	2 980 924	2 001 573	301 035	-	(24 287)	162	2 278 483	702 441
Transport Assets	3 250 333	3 454 945	-	(1)	-	6 705 277	2 983 303	477 618	-	-	87 332	3 548 253	3 157 024
	23 317 550	3 872 485	-	(294 284)	-	26 895 750	17 297 966	1 392 915	-	(291 431)	88 992	18 488 442	8 407 308
Leases													
Furniture and Office Equipment	524 527	418 265	-	(524 527)	-	418 265	457 414	133 520	-	(524 527)	-	66 407	351 858
	524 527	418 265	-	(524 527)	-	418 265	457 414	133 520	-	(524 527)	-	66 407	351 858
Total	23 842 077	4 290 750	-	(818 811)	-	27 314 015	17 755 380	1 526 435	-	(815 958)	88 992	18 554 849	8 759 166

		2020 R	2019 R
2.3	The municipality has no Property, Plant and Equipment which is in the process of being constructed or developed.		
2.4	The municipality has no Property, Plant and Equipment that is taking a significantly longer period of time to competed than expected.		
2.5	The municipality has no Property, Plant and Equipment where construction or development has been halted.		
2.6	**Expenditure incurred to repair and maintain Property, Plant and Equipment:**		
	Employee related costs	-	-
	Other materials	-	-
	Contracted Services	-	-
	- Maintenance of Buildings and Facilities	256,416	182,515
	- Maintenance of Equipment	48,008	66,048
	- Maintenance of Unspecified Assets	101,521	56,095
	Other Expenditure	-	-
	Total Repairs and Maintenance	**405,946**	**304,658**
2.7	**Assets pledged as security:**		
	Leased Property, Plant and Equipment of R 216 853 (2019: R351 858) is secured for leases as set out in Note 8 and Appendix A.		
2.8	**Third party payments received for losses incurred:**		
	Payments received (Excluding VAT)	179,900	-
	Carrying value of assets written off/lost	(307,749)	-
	Surplus/(Deficit)	(127,849)	-
2.9	**Impairment losses of Property, Plant and Equipment**		
	Impairment losses on Property, Plant and Equipment recognised in Statement of Financial Performance are as follows:		
	Infrastructure		
	Community Assets		
	Other	28,276	88,993
	Total Impairment Losses	**28,276**	**88,993**
2.10	**Effect of changes in accounting estimates**		
	The effect of the Change in Accounting estimates due to the review of useful lives are as follows:		

	2020 R	2021 R	2022 R
Increase / (Decrease) in depreciation of assets for the year	(121,316)	195,369	192,937

		2020 R	2019 R
2.11	**Contractual commitments for acquisition of Property, Plant and Equipment:**		
	Approved and contracted for (Including VAT):	203,359	-
	Infrastructure	-	-
	Community	-	-
	Other	203,359	-
	Total	**203,359**	**-**
	This expenditure will be financed from:		
	External Loans		-
	Capital Replacement Reserve		-
	Government Grants		-
	Own Resources	203,359	-
	District Council Grants		-
	Total	**203,359**	**-**

		2020 R	2019 R
3.	**INVESTMENT PROPERTY**		
3.1	**Net Carrying amount at 1 July**	**81,561**	**95,155**
	Cost	679,678	679,678
	Accumulated Depreciation	(598,117)	(584,523)
	Accumulated Impairment Loss	-	-
	Transfer from/(to) Property, Plant and Equipment - Note 2	(16,200)	-
	Cost	(135,000)	-
	Accumulated Depreciation	118,800	-
	Additions	-	-
	Depreciation for the year	(10,894)	(13,594)
	Net Carrying amount at 30 June	**54,468**	**81,561**
	Cost	544,678	679,678
	Accumulated Depreciation	(490,210)	(598,117)
	Accumulated Impairment Loss	-	-
3.2	**Revenue from Investment Property**		
	Revenue derived from the rental of Investment Property	556,257	516,588
3.3	**Operating Expenditure incurred on properties:**		
	Repairs and Maintenance		
	Revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Non-revenue Generating	-	24,383
	Improved Property	-	24,383
	Unimproved Property	-	-
	Total Repairs and Maintenance	**-**	**24,383**
	Other Operating Expenditure		
	Revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Non-revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Total Other Operating Expenditure	**-**	**-**

3.4 The municipality has no Investment Property which is in the process of being constructed or

3.5 The municipality has no Investment Property that is taking a significantly longer period of time to competed than expected.

3.6 The municipality has no Investment Property where construction or development has been halted.

3.7 There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

		2020 R	2019 R
4.	**INTANGIBLE ASSETS**		
4.1	**Net Carrying amount at 1 July**	**238,542**	**311,166**
	Cost	3,011,828	3,120,508
	Accumulated Amortisation	(2,773,286)	(2,809,343)
	Additions	33,318	90,048
	Amortisation	(72,130)	(91,487)
	Carrying value of disposals	-	(71,185)
	Cost	(5,909)	(198,728)
	Accumulated amortisation	5,909	127,543
	(Impairment Loss)/ Reversal of Impairment Loss	(3,077)	-
	Net Carrying amount at 30 June	**196,653**	**238,542**
	Cost	3,039,237	3,011,828
	Accumulated Amortisation	(2,842,585)	(2,773,286)

4.2 The municipality has no Intangbile assets which are in the process of being constructed or

4.3 The municipality has no Intangbile assets that are taking a significantly longer period of time to competed than expected.

4.4 The municipality has no Intangbile assets where construction or development has been halted.

4.5 No intangible asset were assed having an indefinite useful life.

4.6 There are no internally generated intangible assets at reporting date.

4.7 There are no intangible assets whose title is restricted.

4.8 There age no intangible assets pledged as security for liabilities.

4.9 There are no contractual commitments for the acquisition of intangible assets.

4.10 **Effect of changes in accounting estimates**

The effect of the Change in Accounting estimates due to the review of useful lives are as follows:

	2020 R	2021 R	2022 R
Increase / (Decrease) in depreciation of assets for the year	(25,771)	47,909	37,684

		2020 R	2019 R
5.	**RECEIVABLES FROM EXCHANGE TRANSACTIONS**		
	Property Rentals	1,129,246	958,139
	Other Arrears	-	-
	Prepayments and Advances	35,546	54,091
	Maintenance Contracts	35,546	54,091
	Total: Receivables from exchange transactions (before provision)	**1,164,792**	**1,012,230**
	Less: Provision for Debt Impairment	(629,244)	(694,276)
	Total: Receivables from exchange transactions (after provision)	**535,547**	**317,954**
	(Property Rentals): Ageing		
	Current (0 - 30 days)	86,949	83,865
	31 - 60 Days	75,966	80,091
	61 - 90 Days	75,657	72,244
	+ 90 Days	890,674	721,940
	Total	**1,129,246**	**958,139**

	2020 R	2019 R
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	694,276	604,090
Contribution to provision	-	90,187
Reversal of provision	(65,032)	-
Balance at end of year	**629,244**	**694,276**
The total amount of this provision is R 629 244 and consist of:		
Property Rentals	629,244	694,276
Other Debtors	-	-
Total Provision for Debt Impairment on Receivables from exchange transactions	**629,244**	**694,276**
Ageing of amounts past due but not impaired:		
1 month past due	75,966	80,091
2+ months past due	966,331	794,183
	1,042,297	**874,274**

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

6. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Department of Roads and Public Works	4,438,153	4,429,472
Sundry Debtor - Department Agriculture, Forestry and Fisheries	8,783,074	8,783,074
Sundry Debtor - Department of Environmental Affairs	3,506,516	-
Other Receivables	1,736,882	2,081,835
Correction of Error - Note 33.2	-	158,038
	18,464,624	15,452,419
Less: Provision for Debt Impairment	(13,635,907)	(13,670,845)
Total Receivables from non-exchange transactions	**4,828,717**	**1,781,574**
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	13,670,845	14,357,710
Contribution to provision	-	-
Reversal of provision	(34,938)	(686,865)
Balance at end of year	**13,635,907**	**13,670,845**
The total amount of this provision is R 13 635 907 and consist of:		
Taxes	-	-
Sundry Debtor - Department Agriculture, Forestry and Fisheries	8,783,074	8,783,074
Department of Roads and Public Works	4,438,153	4,429,472
Other receivables	414,681	458,299
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	**13,635,907**	**13,670,845**
Ageing of amounts past due but not impaired:		
1 month past due	1,467	1,752
2+ months past due	3,894,344	394,626
	3,895,810	**396,379**

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

		2020 R	2019 R
7.	**BANK ACCOUNTS**		
7.1	**Cash and Cash Equivalents**		
	Current Accounts	674,204	1,352,082
	Call Deposits and Investments	3,513,603	6,184,915
	Cash On-hand	500	500
	Total Cash and Cash Equivalents - Assets	**4,188,307**	**7,537,497**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R 927 018 are held to fund the Unspent Conditional Grants (2019: R1 479 172).

The municipality has the following bank accounts:

Current Accounts

Nedbank Limited - Account Number 1140945939 (Primary Bank Account):	674,204	1,352,082
	674,204	**1,352,082**

Call Deposits and Investments

Nedbank Limited - Account Number 03/7662031837 (Capital Replacement Reserve):	159,370	200,484
Nedbank Private Wealth - Account Number NAMAK001/83 (Call Deposit):	522,456	1,947,333
Nedbank Limited - Account Number 03/7662031934 (Call Deposit):	648,963	648,963
Nedbank Limited - Account Number 03/7662031896 (Leave Reserve):	1,076,780	1,076,780
Nedbank Limited - Account Number 03/7662031799 (Finance Management Grant):	1,501	1,026
Nedbank Limited - Account Number 03/7662031845 (Municipal System Improvement Grant):	1,359	1,359
Nedbank Limited - Account Number 03/7662031780 (EPWP):	24,488	1,070
Nedbank Limited - Account Number 03/7662031829 (IDP):	2,001	2,001
Nedbank Limited - Account Number 03/7662031950 (Depositor Plus):	176,491	167,220
Nedbank Limited - Account Number 03/7662031926 (RRAMS):	2,614	7,168
Nedbank Limited - Account Number 03/7662031802 (Fire Equipment Grant):	11,733	11,733
Nedbank Limited - Account Number 03/7662031977 (PIMMS):	2,255	2,255
Nedbank Limited - Account Number 03/7662031772 (Electronic Filing System):	4,798	4,798
Nedbank Limited - Account Number 03/7662031853 (Training Fund SETA):	3,842	3,842
Nedbank Limited - Account Number 03/7662031918 (Work for Water):	2,525	664,963
Nedbank Limited - Account Number 03/7662031756 (Civil Defence Grant):	540,791	393,529
Nedbank Limited - Account Number 03/7662031942 (Khotso Pula Nala):	331,639	1,050,393
	3,513,603	**6,184,915**

The Municipality has the following current bank account:

Nedbank Limited - Account Number 1140945939 (Primary Bank Account):		
Cash book balance at beginning of year	1,352,082	799,699
Cash book balance at end of year	674,204	1,352,082
Bank statement balance at beginning of year	1,352,082	913,473
Bank statement balance at end of year	677,701	1,352,082

Details of call investment accounts are as follow:

Nedbank Limited - Account Number 03/7662031837 (Capital Replacement Reserve):		
Cash book balance at beginning of year	200,484	151,000
Cash book balance at end of year	159,370	200,484
Bank statement balance at beginning of year	200,484	151,000
Bank statement balance at end of year	159,370	200,484

	2020 R	2019 R
Nedbank Private Wealth - Account Number NAMAK001/83 (Call Deposit):		
Cash book balance at beginning of year	1,947,333	6,668,633
Cash book balance at end of year	522,456	1,947,333
Bank statement balance at beginning of year	1,947,333	6,668,633
Bank statement balance at end of year	522,456	1,947,333
Nedbank Limited - Account Number 03/7662031934 (Call Deposit):		
Cash book balance at beginning of year	648,963	648,963
Cash book balance at end of year	648,963	648,963
Bank statement balance at beginning of year	648,963	648,963
Bank statement balance at end of year	648,963	648,963
Nedbank Limited - Account Number 03/7662031896 (Leave Reserve):		
Cash book balance at beginning of year	1,076,780	898,084
Cash book balance at end of year	1,076,780	1,076,780
Bank statement balance at beginning of year	1,076,780	898,084
Bank statement balance at end of year	1,076,780	1,076,780
Nedbank Limited - Account Number 03/7662031799 (Finance Management Grant):		
Cash book balance at beginning of year	1,026	69,838
Cash book balance at end of year	1,501	1,026
Bank statement balance at beginning of year	1,026	69,838
Bank statement balance at end of year	1,501	1,026
Nedbank Limited - Account Number 03/7662031845 (Municipal System Improvement Grant):		
Cash book balance at beginning of year	1,359	1,359
Cash book balance at end of year	1,359	1,359
Bank statement balance at beginning of year	1,359	1,359
Bank statement balance at end of year	1,359	1,359
Nedbank Limited - Account Number 03/7662031780 (EPWP):		
Cash book balance at beginning of year	1,070	1,070
Cash book balance at end of year	24,488	1,070
Bank statement balance at beginning of year	1,070	1,070
Bank statement balance at end of year	24,488	1,070
Nedbank Limited - Account Number 03/7662031829 (IDP):		
Cash book balance at beginning of year	2,001	2,001
Cash book balance at end of year	2,001	2,001
Bank statement balance at beginning of year	2,001	2,001
Bank statement balance at end of year	2,001	2,001
Nedbank Limited - Account Number 03/7662031950 (Depositor Plus):		
Cash book balance at beginning of year	167,220	117,006
Cash book balance at end of year	176,491	167,220
Bank statement balance at beginning of year	167,220	117,006
Bank statement balance at end of year	176,491	167,220

	2020 R	2019 R
Nedbank Limited - Account Number 03/7662031926 (RRAMS):		
Cash book balance at beginning of year	7,168	129,334
Cash book balance at end of year	2,614	7,168
Bank statement balance at beginning of year	7,168	129,334
Bank statement balance at end of year	2,614	7,168
Nedbank Limited - Account Number 03/7662031802 (Fire Equipment Grant):		
Cash book balance at beginning of year	11,733	11,733
Cash book balance at end of year	11,733	11,733
Bank statement balance at beginning of year	11,733	11,733
Bank statement balance at end of year	11,733	11,733
Nedbank Limited - Account Number 03/7662031977 (PIMMS):		
Cash book balance at beginning of year	2,255	2,255
Cash book balance at end of year	2,255	2,255
Bank statement balance at beginning of year	2,244	2,244
Bank statement balance at end of year	2,244	2,244
Nedbank Limited - Account Number 03/7662031772 (Electronic Filing System):		
Cash book balance at beginning of year	4,798	4,798
Cash book balance at end of year	4,798	4,798
Bank statement balance at beginning of year	4,798	4,798
Bank statement balance at end of year	4,798	4,798
Nedbank Limited - Account Number 03/7662031853 (Training Fund SETA):		
Cash book balance at beginning of year	3,842	3,842
Cash book balance at end of year	3,842	3,842
Bank statement balance at beginning of year	3,842	3,842
Bank statement balance at end of year	3,842	3,842
Nedbank Limited - Account Number 03/7662031918 (Work for Water):		
Cash book balance at beginning of year	664,963	1,226,683
Cash book balance at end of year	2,525	664,963
Bank statement balance at beginning of year	664,963	1,226,683
Bank statement balance at end of year	2,525	664,963
Nedbank Limited - Account Number 03/7662031756 (Civil Defence Grant):		
Cash book balance at beginning of year	393,529	704,372
Cash book balance at end of year	540,791	393,529
Bank statement balance at beginning of year	393,529	704,372
Bank statement balance at end of year	540,791	393,529
Nedbank Limited - Account Number 03/7662031942 (Khotso Pula Nala):		
Cash book balance at beginning of year	1,050,393	48,828
Cash book balance at end of year	331,639	1,050,393
Bank statement balance at beginning of year	1,050,393	48,828
Bank statement balance at end of year	331,639	1,050,393

		2020 R	2019 R
8.	**LONG-TERM BORROWINGS**		
	Capitalised Lease Liability - At amortised cost	233,635	364,425
	Less: Current Portion transferred to Current Liabilities	(140,805)	(130,790)
	Total Long-term Borrowings	**92,830**	**233,635**

		2020 R	2019 R
8.1	The obligations under finance leases are scheduled below:	Minimum payments	
	Amounts payable under finance leases:		
	Payable within one year	171,793	185,901
	Payable within two to five years	98,567	270,360
	Payable after five years	-	
		270,360	456,261
	Less: Future finance obligations	(36,725)	(91,836)
	Present value of finance lease obligations	**233,635**	**364,425**

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Nashua	Copiers	15.38%	0%	3 Years	31/01/2022
MTN	Tablets	15.38%	0%	2 Years	31/08/2021

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Hire Purchases and Leases are secured by property, plant and equipment - Note 2

		2020 R	2019 R
9.	**NON-CURRENT EMPLOYEE BENEFITS**		
	Provision for Post Retirement Health Care Benefits	16,202,000	18,259,148
	Provision for Long Service Awards	1,694,000	1,429,576
	Total Non-current Employee Benefits	**17,896,000**	**19,688,724**
	Post Retirement Health Care Benefits		
	Balance 1 July	19,894,282	16,650,303
	Contribution for the year	2,042,035	1,735,319
	Expenditure for the year	(1,549,813)	(1,528,647)
	Actuarial Loss/(Gain)	(2,542,504)	3,037,307
	Total provision 30 June	**17,844,000**	**19,894,282**
	Less: Transfer of Current Portion to Current Provisions - Note 11	(1,642,000)	(1,635,134)
	Balance 30 June	**16,202,000**	**18,259,148**
	Long Service Awards		
	Balance 1 July	1,608,377	1,397,311
	Contribution for the year	291,522	237,923
	Expenditure for the year	(164,139)	(252,347)
	Actuarial Loss/(Gain)	23,239	225,490
	Total provision 30 June	**1,758,999**	**1,608,377**
	Less: Transfer of Current Portion to Current Provisions - Note 11	(65,000)	(178,802)
	Balance 30 June	**1,693,999**	**1,429,575**

		2020 R	2019 R
9.1	**Provision for Post Retirement Health Care Benefits**		
	The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	66	61
	In-service (employee) non-members	8	4
	Continuation members (e.g. Retirees, widows, orphans)	37	39
	Total Members	111	104

	2020 R	2019 R
The liability in respect of past service has been estimated to be as follows:		
In-service members	4,361,000	4,536,811
In-service non-members	58,000	60,810
Continuation members	13,425,000	15,296,661
Total Liability	**17,844,000**	**19,894,282**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2018 R	2017 R	2016 R
In-service members	3,943,718	3,676,621	3,720,795
Continuation members	12,706,585	13,578,902	14,771,686
Total Liability	16,650,303	17,255,523	18,492,481

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
Hosmed
LA Health
Key Health, and
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R421 000, whereas the Interest Cost for the next year is estimated to be R1 581 000.

Key actuarial assumptions used:	2020 %	2019 %
i) Rate of interest		
Discount rate	9.28%	8.79%
Health Care Cost Inflation Rate	5.53%	6.40%
Net Effective Discount Rate	3.55%	2.25%

ii) Mortality rates

The PA (90) -1 ultimate table, with a 1% improvement p.a from 2010 was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 62 years.

iv) Expected rate of salary increases

2020/2021 - CPI + 1,25%

The three-year Salary and Wage Collective Agreement ends on 30 June 2021.

	2020 R	2019 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	17,844,000	19,894,282
Fair value of plan assets	-	-
	17,844,000	19,894,282
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	**17,844,000**	**19,894,282**
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	19,894,282	16,650,303
Total expenses	492,222	206,672
Current service cost	363,678	284,283
Interest Cost	1,678,357	1,451,036
Benefits Paid	(1,549,813)	(1,528,647)
Actuarial (gains)/losses	(2,542,504)	3,037,307
Present value of fund obligation at the end of the year	17,844,000	19,894,282
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	-	-

Sensitivity Analysis on the Accrued Liability on 30 June 2020

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Assumption			
Central Assumptions	4.419	13.425	17.844

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption					
Health care inflation rate	1%	5.229	14.464	19.693	10%
Health care inflation rate	-1%	3.773	12.510	16.283	-9%
Discount rate	1%	3.796	12.547	16.343	-8%
Discount rate	-1%	5.207	14.436	19.643	10%
Post-employment mortality	+1 year	4.286	12.881	17.167	-4%
Post-employment mortality	-1 year	4.550	13.979	18.529	4%
Average retirement age	-1 year	4.778	13.425	18.203	2%
Continuation of membership at retirement	-10%	3.828	13.425	17.253	-3%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2021

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	421,000	1,581,000	2,002,000

The effect of movements in the assumptions are as follows:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Health care inflation rate	1%	512,000	1,753,000	2,265,000	13%
Health care inflation rate	-1%	352,000	1,437,000	1,789,000	-11%
Discount rate	1%	357,000	1,598,000	1,955,000	-2%
Discount rate	-1%	505,000	1,560,000	2,065,000	3%
Post-employment mortality	+1 year	409,000	1,519,000	1,928,000	-4%
Post-employment mortality	-1 year	434,000	1,645,000	2,079,000	4%
Average retirement age	-1 year	446,000	1,615,000	2,061,000	3%
Continuation of membership at retirement	-10%	369,000	1,527,000	1,896,000	5%

	2020 Rm	2019 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	0.034	1.544
Assets: Gain / (loss)	–	–

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2018 Rm	2017 Rm	2016 Rm
Liabilities: (Gain) / loss	(0.438)	0.536	(0.535)
Assets: Gain / (loss)	–	–	–

	2020 R	2019 R
9.2 Provision for Long Service Bonuses		

The Long Service Bonus plans are defined benefit plans. As at year end, 74 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R179 000 whereas the Interest Cost for the next year is estimated to be R131 000.

Key actuarial assumptions used:	2020 %	2019 %
i) Rate of interest		
Discount rate	7.56%	8.24%
General Salary Inflation (long-term)	4.13%	5.61%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	3.29%	2.49%

	2020 R	2019 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	1,758,999	1,608,377
Fair value of plan assets	-	-
	1,758,999	1,608,377
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	**1,758,999**	**1,608,377**

	2020 R	2019 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	1,608,377	1,397,311
Total expenses	127,383	(14,424)
Current service cost	166,212	130,387
Interest Cost	125,310	107,536
Benefits Paid	(164,139)	(252,347)
Actuarial (gains)/losses	23,239	225,490
Present value of fund obligation at the end of the year	**1,758,999**	**1,608,377**
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-

Sensitivity Analysis on the Accrued Liability on 30 June 2020

	Change	Liability (Rm)	% change
Assumption			
Central assumptions		1,759.000	
General earnings inflation	+1%	1,878.000	7%
General earnings inflation	-1%	1,651.000	-6%
Discount rate	+1%	1,648.000	-6%
Discount rate	-1%	1,884.000	7%
Average retirement age	-2 yrs	1,932.000	10%
Average retirement age	2 yrs	1,637.000	-7%
Withdrawal rates	x2	1,358.000	-23%
Withdrawal rates	x0.5	2,034.000	16%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2021

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	179,000	131,000	310,000

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
General earnings inflation	+1%	194,000	140,000	334,000	8%
General earnings inflation	-1%	166,000	122,000	288,000	-7%
Discount rate	+1%	167,000	138,000	305,000	-2%
Discount rate	-1%	192,000	121,000	313,000	1%
Average retirement age	-1 year	189,000	142,000	331,000	7%
Average retirement age	-1 year	165,000	121,000	286,000	-8%
Withdrawal Rate	x2	127,000	100,000	227,000	-27%
Withdrawal Rate	x0.5	216,000	151,000	367,000	18%

	2020 Rm	2019 Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	115.239	(11.336)
Assets: Gain / (loss)	-	-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2018 Rm	2017 Rm	2016 Rm
Liabilities: (Gain) / loss	91.754	(103.521)	71.588
Assets: Gain / (loss)	-	-	-

	2020 R	2019 R

9.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2019 revealed that the fund has a funding level of 100,7% (30 June 2018 - 103,7%).

Contributions paid recognised in the Statement of Financial Performance	83,655	76,704

	2020 R	2019 R

CONSOLIDATED RETIREMENT FUND (PREVIOUSLY CAPE JOINT RETIREMENT FUND)

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2019 revealed that the fund is in a sound financial position with a funding level of 100,3% (30 June 2018 - 100,3%).

Contributions paid recognised in the Statement of Financial Performance	2,426,181	2,079,547

DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Government Employees Pension Fund	111,497	103,281
SAMWU National Provident Fund	845,063	831,342
	956,560	934,623

		2020 R	2019 R
10.	**CONSUMER DEPOSITS**		
	Rental Properties	6,896	6,896
	Total Consumer Deposits	**6,896**	**6,896**

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

11.	**CURRENT EMPLOYEE BENEFITS**		
	Staff Bonuses	948,360	811,531
	Staff Leave	1,679,575	1,481,995
	Current Portion of Non-Current Provisions	1,707,000	1,813,936
	Current Portion of Post Retirement Benefits - Note 9	1,642,000	1,635,134
	Current Portion of Long-Service Provisions - Note 9	65,000	178,802
	Total Provisions	**4,334,935**	**4,107,462**

The movement in current provisions are reconciled as follows:

11.1	***Staff Bonuses***		
	Balance at beginning of year	811,531	766,728
	Contribution to current portion	1,660,665	1,504,640
	Expenditure incurred	(1,523,836)	(1,459,836)
	Balance at end of year	**948,360**	**811,531**

Bonuses are being paid to all municipal staff. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

11.2	***Staff Leave***		
	Balance at beginning of year	1,481,995	1,179,227
	Contribution to current portion	372,080	443,687
	Expenditure incurred	(174,500)	(140,919)
	Balance at end of year	**1,679,575**	**1,481,995**

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

12.	**TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade Payables	398,506	519,566
	Advance Payments	37,769	39,491
	Department of Environmental affairs - Work for Water	2,525	664,963
	Department Economic Development and Tourism	-	40,714
	Other Payables	2,207,354	2,279,116
	Correction of Error - Note 33.3	-	(48,943)
	Total Trade Payables	**2,646,154**	**3,494,907**

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

		2020 R	2019 R
13.	**UNSPENT TRANSFERS AND SUBSIDIES**		
	Unspent Transfers and Subsidies	931,321	1,610,388
	National Government Grants	35,942	7,468
	Provincial Government Grants	888,795	1,599,078
	Other Sources	6,583	3,842
	Less: Unpaid Transfers and Subsidies	-	-
	National Government Grants	-	-
	Provincial Government Grants	-	-
	District Municipality	-	-
	Other Sources	-	-
	Total Unspent Transfers and Subsidies	**931,321**	**1,610,388**

See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

14.	**TAXES**		
14.1	VAT Payable	-	-
	VAT Output in Suspense	(163,919)	(116,873)
	Less: Contribution to Provision for Doubtful Debt Impairment	-	-
	Total VAT Payable	**(163,919)**	**(116,873)**
14.2	VAT Receivable	258,010	330,578
	VAT Input in Suspense	66,201	66,335
	Total VAT Receivable	**324,211**	**396,913**
14.3	**Net VAT (Payable)/Receivable**	160,292	280,039

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

15.	**NET ASSET RESERVES**		
	RESERVES	96,745	73,832
	Capital Replacement Reserve	96,745	73,832
	Total Net Asset Reserve and Liabilities	**96,745**	**73,832**

15.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

16.	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Government Grants and Subsidies - Operating	56,856,667	54,462,336
	Equitable Share	49,192,000	47,152,000
	Expanded Public Works Programme Integrated Grant	972,856	-
	Local Government Financial Management Grant	1,784,525	1,319,997
	Municipal Disaster Relief Grant	148,639	-
	Rural Road Asset Management Systems Grant	3,076,215	2,315,094
	Border Fencing	-	54,239
	Civil Defence Subsidy	170,381	137,288
	NC Housing	793,296	468,718
	Khotso Pula Nala	718,754	2,998,435
	Swartzkop Sport Ground (Lotto)	-	16,565
	Government Grants and Subsidies - Capital	73,141	733,548
	Rural Road Asset Management Systems Grant	-	586,411
	Civil Defence Subsidy	73,141	147,136
	Total Government Grants and Subsidies	**56,929,809**	**55,195,884**

	2020 R	2019 R
Included in above are the following grants and subsidies received:		
Unconditional	49,192,000	47,152,000
Equitable Share	49,192,000	47,152,000
Conditional	7,737,809	8,043,884
Local Government Financial Management Grant	1,784,525	1,319,997
Municipal Disaster Relief Grant	148,639	-
Rural Road Asset Management Systems Grant	3,076,215	2,901,505
Border Fencing	-	54,239
Civil Defence Subsidy	243,523	284,425
NC Housing	793,296	468,718
Khotso Pula Nala	718,754	2,998,435
Swartzkop Sport Ground (Lotto)	-	16,565
Expanded Public Works Programme Integrated Grant	972,856	-
Training Reserve (SETA)	-	-
Total Government Grants and Subsidies	**56,929,809**	**55,195,884**
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share - Administration	6,959,000	6,152,000
Executive and Council	4,516,152	2,750,819
Finance and Administration	41,267,525	39,674,997
Internal Audit	-	-
Community & Social Services	-	-
Sport & Recreation	-	-
Public Safety	392,162	284,425
Housing	-	-
Health	-	-
Planning and Development	3,794,970	6,333,643
Road Transport	-	-
Environmental Protection	-	-
Energy Sources	-	-
Water Management	-	-
Waste Water Management	-	-
Waste Management	-	-
Total Government Grants and Subsidies	**56,929,809**	**55,195,884**

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

16.1 **Finance Management Grant**

Opening balance	1,026	1,022
Grants received	1,785,000	1,320,000
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1,784,525)	(1,319,997)
Conditions met - Capital	-	-
Conditions still to be met	1,501	1,026

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs

		2020 R	2019 R
16.2	**RSC Levies Replacement Grant**		
	Opening balance	-	-
	Grants received	39,483,000	38,355,000
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(39,483,000)	(38,355,000)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

This is an unconditional grant established to make provision for income for the District Municipalities after the RSC levies were terminated.

16.3	**Equitable Share**		
	Opening balance	-	-
	Grants received	6,959,000	6,152,000
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(6,959,000)	(6,152,000)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

16.4	**Concillors Remuneration Grant**		
	Opening balance	-	-
	Grants received	2,750,000	2,645,000
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(2,750,000)	(2,645,000)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-

This is an unconditional grant to co-funding the councillors remuneration.

16.5	**Municipal System Improvement Grant**		
	Opening balance	1,359	1,359
	Grants received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	1,359	1,359

The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

16.6	**Rural Roads Asset Management Grant**		
	Opening balance	2,829	129,334
	Grants received	3,076,000	2,904,000
	Repaid to National Revenue Fund	-	(129,000)
	Conditions met - Operating	(3,076,215)	(2,315,094)
	Conditions met - Capital	-	(586,411)
	Conditions still to be met	2,614	2,829

This grant was established to make provision for the establishment of a roads network.

		2020 R	2019 R
16.7	**Planning and Implementation Management System**		
	Opening balance	2,255	2,255
	Grants received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	2,255	2,255
	This is a planning reserve and is utilised for planning purposes.		
16.8	**Municipal Disaster Relief Grant**		
	Opening balance	-	-
	Grants received	149,000	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(148,639)	-
	Conditions met - Capital	-	-
	Conditions still to be met	361	-
	This grant is used to assist the municipality with the COVID-19 pandemic.		
16.9	**Border Fencing**		
	Opening balance	-	54,239
	Grants received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	(54,239)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	This grant was established to make provision for fencing next to public roads.		
16.10	**Civil Defence Subsidy**		
	Opening balance	393,529	677,954
	Grants received	246,000	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(170,381)	(137,288)
	Conditions met - Capital	(73,141)	(147,136)
	Conditions still to be met	396,006	393,529
	This conditional grant is to establish a disaster management centre.		
16.11	**Expanded Public Works Program**		
	Opening balance	1,070	1,070
	Grants received	1,000,000	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(972,856)	-
	Conditions met - Capital	-	-
	Conditions still to be met	28,214	1,070
	This grant service to establish work in local communities.		
16.12	**Fire Equipment Grant**		
	Opening balance	11,733	11,733
	Grants received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	11,733	11,733
	This grant is to assist local municipalities to render a fire service.		

		2020 R	2019 R
16.13	**Integrated Development Planning**		
	Opening balance	2,001	2,001
	Grants received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	2,001	2,001
	This reserve assist the municipality to compile and maintain the Integrated Development Plan.		
16.14	**Komaggas Road**		
	Opening balance	1	1
	Grants received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	1	1
	This grant was used to build the Kommagas road.		
16.15	**SA Projects**		
	Opening balance	8	8
	Grants received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	8	8
	This grant is to create work programmes in local communities.		
16.16	**NC Housing**		
	Opening balance	135,554	304,273
	Grants received	800,000	300,000
	Interest received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(793,296)	(468,718)
	Conditions met - Capital	-	-
	Conditions still to be met	142,259	135,554
	This grant is to establish a housing unit at the District level.		
16.17	**Khotso Pula Nala**		
	Opening balance	1,050,385	48,820
	Grants received	-	4,000,000
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	(718,754)	(2,998,435)
	Conditions met - Capital	-	-
	Conditions still to be met	331,631	1,050,385
	This grant originated from the Department Roads and Public Works and is used for projects determined by the Department.		
16.18	**Electronic Filing System**		
	Opening balance	4,798	4,798
	Grants received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	4,798	4,798
	The grant was used to implement an electronic filing system.		

		2020 R	2019 R
16.19	**Training Reserve (SETA)**		
	Opening balance	3,842	3,842
	Grants received	2,742	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	6,583	3,842
	This is the amount claimed back from SETA for training and is utilised for training.		
16.20	**Swartzkop Sport Ground (Lotto)**		
	Opening balance	-	16,565
	Grants received	-	-
	Repaid to National Revenue Fund	-	-
	Conditions met - Operating	-	(16,565)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	This grant was received to build a sports ground in Swartzkop.		
16.21	**Total Grants**		
	Opening balance	1,610,388	1,259,271
	Grants received	56,250,742	55,676,000
	Repaid to National Revenue Fund	-	(129,000)
	Conditions met - Operating	(56,856,667)	(54,462,336)
	Conditions met - Capital	(73,141)	(733,548)
	Conditions still to be met/(Grant expenditure to be recovered)	931,321	1,610,388
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	931,321	1,610,388
	Unpaid Conditional Government Grants and Receipts	-	-
	Total	**931,321**	**1,610,388**
17.	**CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT**		
	Rural Roads Asset Management	-	417,138
	Northern Cape Tourism Agency	-	22,150
	Total Contributed Property, Plant and Equipment	**-**	**439,288**
	Disclosed as follows:		
	Revenue from Non-Exchange Transactions	-	439,288
	Revenue from Exchange Transactions	-	-
	Total Licences and Permits	**-**	**439,288**
18.	**RENTAL FROM FIXED ASSETS**		
	Rental of facilities	1,006,430	933,397
	Total Rental from Fixed Assets	**1,006,430**	**933,397**
19.	**INTEREST EARNED - EXTERNAL INVESTMENTS**		
	Financial assets	934,429	1,326,051
	Correction of Error - Note 33.5	-	(100)
	Total Interest Earned - External Investments	**934,429**	**1,325,951**

		2020 R	2019 R
20.	**INTEREST EARNED - EXCHANGE TRANSACTIONS**		
	Other Receivables	75,687	82,908
	Total Interest Earned - Outstanding Receivables	**75,687**	**82,908**
21.	**OPERATIONAL REVENUE**		
	Commission	6,581	-
	Inspection Fees	25,915	-
	Insurance Refund	179,900	-
	Management Fees	133,739	126,261
	Services rendered to Department Environmental Affairs	4,168,954	2,706,720
	Services rendered to Construction Education and Training Authority	4,692,063	2,550,484
	Services rendered to Department Health	-	475,873
	Services rendered to Department Economic Development and Tourism	940,714	-
	Correction of Error - Note 33.5		(156,616)
	Total Operational Revenue	**10,147,866**	**5,702,722**
	Disclosed as follows:		
	Revenue from Exchange Transactions	10,147,866	5,702,722
	Revenue from Non-Exchange Transactions	-	-
	Total Operational Revenue	**10,147,866**	**5,702,722**
22.	**EMPLOYEE RELATED COSTS**		
	Basic Salaries and Wages	24,930,288	24,330,910
	Pension and UIF Contributions	3,932,329	3,521,393
	Medical Aid Contributions	1,307,703	1,151,398
	Overtime	400,853	315,706
	Bonuses	1,660,665	1,504,640
	Motor Vehicle Allowance	2,448,398	2,540,296
	Cell Phone Allowance	193,772	169,864
	Housing Allowances	571,742	557,060
	Other benefits and allowances	59,914	171,271
	Payments in lieu of leave	372,080	443,687
	Workmen's Compensation Fund	166,509	158,551
	Post-retirement Benefit Obligations	363,678	414,670
	Correction of Error - 33.5	-	(163,600)
		36,407,932	35,115,848
	Less: Employee Costs allocated elsewhere	-	-
	Cost Capitalised to PPE	-	-
	Cost allocated to Inventory	-	-
	Total Employee Related Costs	**36,407,932**	**35,115,848**
	KEY MANAGEMENT PERSONNEL		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	Remuneration of the Municipal Manager - CJ Fortuin		
	Annual Remuneration	901,316	937,017
	Performance- and other bonuses	44,141	34,380
	Leave payout	-	38,472
	Allowances	294,838	170,533
	Contributions to UIF, Medical and Pension Funds	153,016	151,057
	Total	**1,393,311**	**1,331,459**
	Remuneration of the Chief Finance Officer - R Datadin		
	Annual Remuneration	979,659	908,954
	Performance- and other bonuses	47,300	44,380
	Allowances	153,271	152,669
	Contributions to UIF, Medical and Pension Funds	151,335	144,718
	Total	**1,331,565**	**1,250,721**

	2020 R	2019 R
Remuneration of Senior Manager: Corporate and Municipal Health Services - GE Cloete		
Annual Remuneration	877,015	810,466
Performance- and other bonuses	45,700	44,380
Long service award	-	26,628
Allowances	152,970	152,669
Contributions to UIF, Medical and Pension Funds	100,497	97,645
Total	**1,176,182**	**1,131,788**
Remuneration of Senior Manager: Economic Development and Planning - JT Loubser		
Annual Remuneration	854,880	803,317
Performance- and other bonuses	71,240	66,768
Allowances	129,772	122,778
Contributions to UIF, Medical and Pension Funds	207,926	194,971
Total	**1,263,819**	**1,187,834**
Remuneration of Manager: Projects - I Smith		
Annual Remuneration	561,816	527,532
Performance- and other bonuses	46,818	43,961
Allowances	175,702	173,673
Long service award	16,854	-
Contributions to UIF, Medical and Pension Funds	129,928	122,556
Total	**931,119**	**867,721**
Remuneration of Manager: Maintenance and Household Services - E Bezuidenhout		
Annual Remuneration	632,532	593,918
Performance- and other bonuses	52,711	49,494
Acting allowance	5,269	51,395
Long service award	-	16,652
Allowances	171,793	168,304
Contributions to UIF, Medical and Pension Funds	135,929	126,766
Total	**998,234**	**1,006,529**
Remuneration of Head Accountant: Budget and Treasury - C Brown		
Annual Remuneration	443,196	406,416
Performance- and other bonuses	36,933	33,868
Allowances	127,577	124,156
Contributions to UIF, Medical and Pension Funds	129,584	119,858
Long service award	-	16,257
Total	**737,291**	**700,554**
Remuneration of Manager: Municipal Health Services - D Smith		
Annual Remuneration	464,748	426,132
Performance- and other bonuses	38,729	35,511
Allowances	142,248	123,546
Contributions to UIF, Medical and Pension Funds	105,728	97,874
Long service award	-	12,784
Total	**751,453**	**695,847**

		2020 R	2019 R
23.	**REMUNERATION OF COUNCILLORS**		
	MJ Cloete - Councillor - Current Executive Mayor	605,801	582,501
	HJ Jack - Councillor	404,593	390,739
	GY Pieters - Councillor - Current Speaker	274,590	13,524
	CK Klaase - Councillor (Resigned)	193,161	306,352
	JE Davids - Councillor	60,932	16,031
	NC Klaaste - Councillor - Speaker (Resigned)	-	627,932
	CR Warne - Councillor	316,093	306,352
	G Gous - Councillor	15,473	16,031
	ZP De Jongh - Councillor	17,339	16,672
	WJ Links - Councillor	91,567	95,932
	AM Beukes - Councillor	316,830	306,352
	AS Minnies - Councillor	315,594	306,352
	EP Cloete - Councillor	92,916	16,031
	AW Beukes - Councillor	330,310	-
	FJ Farao - Councillor	122,085	-
	CG Coetzee - Councillor	27,696	101,059
	GJ Coetzee - Councillor	17,155	16,672
	Total Councillors' Remuneration	**3,202,134**	**3,118,533**

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Executive Mayor	605,801	-	-	-	605,801
Speaker	267,947	6,643	-	-	274,590
Chief Whip	473,730	158,156	88,800	-	720,685
Executive Committee Members	96,444	56,055	-	-	152,499
Section 79 Committee Chairperson	69,285	23,632	-	-	92,916
Councillors	884,485	291,752	179,406	-	1,355,643
Total Councillors' Remuneration	**2,397,691**	**536,238**	**268,206**	**-**	**3,202,134**

In-kind Benefits

The Executive Mayor, Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor as well as the Speaker may utilise official Council transportation when engaged in official duties.

		2020 R	2019 R
24.	**CONTRACTED SERVICES**		
	Outsourced Services	3,807,481	1,544,628
	Alien Vegetation Control	3,802,481	1,516,928
	Burial Services	5,000	27,700
	Consultants and Professional Services	10,816,230	9,194,751
	Business and Advisory	8,269,580	7,319,121
	Audit Committee	85,038	102,859
	Business and Financial Management	1,285,125	698,609
	Correction of Error - Note 35.5	-	11,440
	Project Management	960,339	168,718
	Research and Advisory	5,939,078	6,337,495
	Infrastructure and Planning	2,444,683	1,824,294
	Civil	2,444,683	1,824,294
	Laboratory Services	-	4,144
	Water	-	4,144
	Legal Cost	101,967	47,191
	Legal Advice and Litigation	101,967	47,191

	2020 R	2019 R
Contractors	1,433,566	1,668,541
Artists and Performers	51,135	70,241
Building	40,374	142,635
Catering Services	235,035	600,520
Electrical	5,700	3,501
Employee Wellness	13,020	7,992
Interior Decorator	20,000	25,500
Maintenance of Buildings and Facilities	256,416	199,080
Maintenance of Equipment	464,805	340,528
Maintenance of Unspecified Assets	101,521	110,334
Transportation	32,000	10,716
Safeguard and Security	28,574	25,675
Stage and Sound Crew	184,987	131,820
Total Contracted Services	**16,057,277**	**12,407,920**

25. DEPRECIATION AND AMORTISATION

Property, Plant and Equipment	1,513,255	1,526,435
Intangible Assets	72,130	91,487
Investment Property carried at cost	10,894	13,594
Total Depreciation and Amortisation	**1,596,279**	**1,631,516**

26. FINANCE COSTS

Long-term Borrowings	45,510	30,306
Non-current Employee Benefits	1,678,357	1,558,572
Total Finance Costs	**1,723,867**	**1,588,878**

27. TRANSFERS AND SUBSIDIES

Capital	91,875	149,957
Allocations In-kind	91,875	149,957
Households	91,875	149,957
Operational	214,992	122,582
Allocations In-kind	51,992	-
Households	51,992	-
Monetary Allocations	163,000	122,582
Departmental Agencies and Accounts	100,000	105,387
Households	-	2,580
Unspecified	63,000	14,615
Total Transfers and Subsidies	**306,867**	**272,539**

		2020 R	2019 R
28.	**OPERATIONAL COSTS**		
	Advertising, Publicity and Marketing	101,990	462,289
	Assets less than the Capitalisation Threshold	4,839	29,731
	Audit Fees	2,121,598	2,380,000
	Bank Charges, Facility and Card Fees	49,235	41,044
	Bursaries (Employees)	45,900	4,610
	Courier and Delivery Services	2,673	17,852
	Communication	353,275	356,707
	Deeds	-	345
	Entertainment	10,000	9,933
	External Computer Service	551,273	484,281
	Insurance Underwriting	460,976	337,406
	Licences	20,648	22,121
	Management Fee	-	2,257
	Municipal Services	1,021,499	924,549
	Printing, Publications and Books	119,219	254,349
	Professional Bodies, Membership and Subscription	500,000	500,000
	Registration Fees	41,859	73,532
	Skills Development Fund Levy	285,441	324,884
	Transport Provided as Part of Departmental Activities	10,664	103,543
	Travel and Subsistence	3,496,163	4,571,906
	Uniform and Protective Clothing	5,599	-
	Wet Fuel	794,492	838,808
	Inventory consumed - Consumables	263,171	101,759
	Inventory consumed - Materials and Supplies	464,409	145,622
	Correction of Error - Note 35.5	-	(57,901)
	Total Operational Costs	**10,724,922**	**11,929,626**
29.	**REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON RECEIVABLES**		
	Receivables from Exchange Transactions - Note 5	65,032	(90,187)
	Receivables from Non-exchange Revenue - Note 6	34,938	686,865
	Total Reversal of Impairment Loss/ (Impairment Loss) on Receivables	**99,970**	**596,679**
30.	**GAINS/(LOSS) ON SALE OF FIXED ASSETS**		
	Property, Plant and Equipment	(375,311)	(74,038)
	Total Gains/ (Loss) on Sale of Fixed Assets	**(375,311)**	**(74,038)**
31.	**REVERSAL OF IMPAIRMENT LOSS/(IMPAIRMENT LOSS) ON FIXED ASSETS**		
	Biological Assets	-	
	Heritage Assets	-	-
	Intangible Assets	(3,077)	-
	Investment Property	-	-
	Property, Plant and Equipment	(28,276)	(88,993)
	Total Reversal of Impairment Loss/ (Impairment Loss) on Fixed Assets	**(31,353)**	**(88,993)**

32. RECLASSIFICATION OF ITEMS IN THE FINANCIAL STATEMENTS AS A RESULT OF THE IMPLEMENTATION OF mSCOA

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the Item Segment of mSCOA. The result of this process was a reclassification and naming of items in the financial statements. New mSCOA Charts are issued annually, resulting into an annual reclassification of items in the financial statements. The reclassification of 2019 audited amounts can be summarised as follows:

	Balance previously reported	Adjustments	Restated Balance
Statement of Financial Position			
Capital Replacement Reserve	73,832	-	73,832
Accumulated Surplus/(Deficit)	(10,624,331)	-	(10,624,330)
Long-term Borrowings	233,635	-	233,635
Non-current Employee Benefits	19,688,724	-	19,688,724
Consumer Deposits	-	6,896	6,896
Current Employee Benefits	4,107,462	-	4,107,462
Trade and Other Payables from Exchange Transactions	3,550,746	(6,896)	3,543,849
Unspent Transfers and Subsidies	1,610,388	-	1,610,388
Current Portion of Long-term Borrowings	130,790	-	130,790
Property, Plant and Equipment	8,692,118	-	8,692,117
Investment Property	81,563	-	81,561
Intangible Assets	238,541	-	238,541
Receivables from exchange transactions	263,863	54,091	317,954
Receivables from non-exchange transactions	1,677,627	(54,091)	1,623,536
Taxes	280,039	0	280,039
Cash and Cash Equivalents	7,537,497	(0)	7,537,497
		(0)	
Statement of Financial Performance			
Government Grants and Subsidies	55,195,884	-	55,195,884
Contributed Property, Plant and Equipment	439,288	-	439,288
Fines. Penalties and Forfeits	-	2,424	2,424
Sales of Goods and Rendering of Services	-	184	184
Rental from Fixed Assets	933,397	-	933,397
Interest Earned - external investments	1,326,051	-	1,326,051
Interest Earned - Exchange Transactions	82,908	-	82,908
Agency Services	126,261	(126,261)	-
Operational Revenue	5,735,684	123,653	5,859,337
Employee related costs	(35,199,597)	(79,850)	(35,279,447)
Remuneration of Councillors	(3,118,533)	-	(3,118,533)
Contracted Services	(9,140,260)	(3,256,220)	(12,396,480)
Depreciation and Amortisation	(1,617,127)	-	(1,617,127)
Actuarial Losses	(3,262,797)	-	(3,262,797)
Finance Costs	(1,588,878)	-	(1,588,878)
Operating Leases	-	(24,344)	(24,344)
Transfers and Subsidies	(3,143,006)	2,870,468	(272,539)
Operational Costs	(12,477,474)	489,946	(11,987,527)
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	-	-	-
Reversal of Impairment Loss/(Impairment Loss) on Receivables	596,679	-	596,679
Gains/(Loss) on Sale of Fixed Assets	(74,038)	-	(74,038)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	(88,993)	-	(88,993)
Net Surplus/(Deficit) for the year	**(5,274,550)**	**(0)**	**(5,274,550)**

33. CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

		2020 R	2019 R
33.1	**Property, Plant and Equipment**		
	Balance previously reported	-	8,692,117
	Cost	-	81,435
	Assets recognised incorrectly in 2018/2019 - Note 2	-	81,435
	Accumulated Depreciation	-	(14,388)
	Depreciation not recognised in 2018/2019 - Note 2	-	(14,388)
	Restated Balance	**-**	**8,759,164**

Assets recognised incorrectly in previous year.

		2020 R	2019 R
33.2	**Receivables from Non-Exchange Transactions**		
	Balance previously reported	-	1,623,536
	Sundry Receivables not recognised in periods before 1 July 2018 - Note 6	-	76,423
	Sundry Receivables not recognised in 2018/2019 - Note 6	-	81,614
	Restated Balance	**-**	**1,781,574**

Recoveried amounts of Medical Aid Contributions not recognised in prior years.

33.3	**Trade and Other Payables from Exchange Transactions**		
	Balance previously reported	-	3,543,849
	Payables recognised incorrectly in periods before 1 July 2018 - Note 12	-	(2,032)
	Payables recognised incorrectly in 2018/2019 - Note 12	-	(46,911)
	Restated Balance	**-**	**3,494,907**

Creditors recognised incorrectly in previous years.

33.4	**Accumulated Surplus/(Deficit) - 1 July 2018**		
	Payables recognised incorrectly in periods before 1 July 2018 - Note 33.3	-	2,032
	Sundry Receivables not recognised in periods before 1 July 2018 - Note 33.2	-	76,423
	Revenue from CETA recognised incorrectly in periods before 1 July 2018	-	156,616
	Total	**-**	**235,071**

33.5 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Government Grants and Subsidies		55,195,884	-	55,195,884
Contributed Property, Plant and Equipment		439,288	-	439,288
Rental from Fixed Assets		933,397	-	933,397
Interest Earned - External Investments	33.3	1,326,051	(100)	1,325,951
Interest Earned - Exchange Transactions		82,908	-	82,908
Agency Services		-	-	-
Operational Revenue		5,859,337	(156,616)	5,702,722
Total		**63,839,474**	**(156,716)**	**63,682,758**
Expenditure				
Employee related costs	33.2	(35,279,447)	163,600	(35,115,848)
Remuneration of Councillors		(3,118,533)	-	(3,118,533)
Contracted Services	33.3	(12,396,480)	(11,440)	(12,407,920)
Depreciation and Amortisation	33.1	(1,617,127)	(14,388)	(1,631,515)
Actuarial Losses		(3,262,797)	-	(3,262,797)
Finance Costs		(1,588,878)	-	(1,588,878)
Transfers and Subsidies		(272,539)	-	(272,539)
Operational Costs	33.1 &33.3	(11,987,527)	57,901	(11,929,626)
Total		**(69,547,672)**	**195,673**	**(69,351,999)**
Gains and Losses				
Reversal of Impairment Loss/(Impairment Loss) on Receivables		596,679	-	596,679
Gains/(Loss) on Sale of Fixed Assets		(74,038)		(74,038)
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets		(88,993)		(88,993)
Total		**433,648**	**-**	**433,648**
Net Surplus/(Deficit) for the year		**(5,274,550)**	**38,957**	**(5,235,593)**

		2020 R	2019 R
34.	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**		
	Surplus/(Deficit) for the year	1,266,143	(5,235,593)
	Adjustments for:		
	Depreciation and Amortisation	1,596,277	1,617,127
	Loss/(Gain) on Sale of Fixed Assets	375,311	74,038
	Impairment Loss/(Reversal of Impairment Loss)	31,353	88,993
	Contributed Property, Plant and Equipment	-	(439,288)
	Government Grants and Subsidies received	56,250,742	55,547,000
	Government Grants and Subsidies recognised as revenue	(56,929,809)	(55,195,884)
	Contribution from/to provisions - Non-Current Employee Benefits	619,605	100,486
	Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	23,239	-
	Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(2,542,504)	3,262,797
	Contribution from/to - Current Employee Benefits	334,409	439,333
	Debt Impairment	-	(596,679)
	Reversal of Provision for Bad Debt	(99,970)	-
	Operating Surplus/(Deficit) before changes in working capital	924,797	(337,670)
	Changes in working capital	(3,893,772)	(142,432)
	Increase/(Decrease) in Trade and Other Payables	(848,752)	(1,035,952)
	Increase/(Decrease) in Taxes	119,747	497,392
	(Increase)/Decrease in Trade Receivables from Exchange Transactions	(152,562)	49,238
	(Increase)/Decrease in Other Receivables from Non-Exchange Transactions	(3,012,205)	346,891
	Cash generated/(absorbed) by operations	(2,968,975)	(480,101)
35.	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Current Accounts - Note 7	674,204	1,352,082
	Call Deposits and Investments - Note 7	3,513,603	6,184,915
	Cash Floats - Note 7	500	500
	Total cash and cash equivalents	**4,188,307**	**7,537,497**
36.	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**		
	Cash and Cash Equivalents - Note 35	4,188,307	7,537,497
	Less:	(931,321)	(1,610,388)
	Unspent Transfers and Subsidies - Note 13	(931,321)	(1,610,388)
	Net cash resources available for internal distribution	3,256,986	5,927,110
	Allocated to:		
	Capital Replacement Reserve	(96,745)	(73,832)
	Resources available for working capital requirements	**3,160,241**	**5,853,278**
37.	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**		
	Long-term Liabilities - Note 8	233,635	364,425
	Used to finance property, plant and equipment - at cost	(233,635)	(364,425)
		-	-
	Cash set aside for the repayment of long-term liabilities		
	Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

38. BUDGET INFORMATION

38.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect of the Covid-19 pandemic on revenue, increase in consumer debtors, reprioritising of operating and capital projects.

Explanation of variances greater than 5%: Final Budget and Actual Amounts

38.2 Statement of Financial Position

38.2.1 Current Assets

Cash

Decrease in Cash due to budgeting for deficits and budgeting for all cash under cash section.

Call Investment Deposits

Increase in Call Investment Deposits due to the budgeting for all cash under cash section.

Consumer Debtors

Increase in Consumer Debtors due to the outstanding VAT 201 for June 2020 still to be received from the South African Revenue Service.

38.2.2 Non-Current Assets

Property, Plant and Equipment

Decrease due to depreciation and write-off of Property, Plant and Equipment.

38.2.3 Current Liabilities

Consumer Deposits

Re-aollcation of rental deposits from trade and other payables.

Trade and Other Payables

Increase in payables due to outstanding amounts in relation to Department Agriculture, Forestry and Fisheries.

Provisions

Increase in provision for staff leave and increase in the provision of post retirement benefits.

38.2.4 Non-Current Liabilities

Borrowing

Decrease due to the repayment of current finance leases.

Provisions

Decrease due to actuarial gain on post-retirement benefits.

38.2.5 Net Assets

Accumulated Surplus/(Deficit)

Decrease due to the budgeting for operating deficits.

Reserves

Increase due to capital budget funded out of Capital Replacement Reserve.

Statement of Financial Performance

38.2.6 Revenue

Rental of Facilities and Equipment

Minor decrease due to vacancy in rental of facilities.

Interest Earned - External Investments

Decrease due to withdrawal of capital to fund operating deficit. Covid-19 had a significant impact on interest rates.

Interest Earned - Outstanding Debtors

Increase due to more outstanding debtors.

Transfers Recognised - Operational

Decrease due to decrease in funds spent and allocated to the Municipality specifically relating to Civil Defence Grant and Construction Education and Training Authority.

Other Revenue

Increase due to insurance refund, management fees on the RRAMS project and revenue from the Department of Environmental Affairs.

Transfers Recognised - Capital

Decrease due to savings in the capital budget purchases funded from grants.

38.2.7 Expenditure

Employee Related Costs

Decrease due to vacant positions not filled.

Finance Charges

Increase due to post-retirment interest cost budgeted under employed related costs as per National Treasury.

Other Materials

Decrease due to expenditure classified as operational cost for financial statement purposes

Contracted Services

Decrease due to the delayed implementation of functions on behalf of provincial department.

Transfers and Grants

Increase due to Government and Provincial Grants spent during the year relating to Khotso Pula Nala.

Other Expenditure

Decrease due to decrease in projects and budget monitoring and cost cutting mechanisms.Covid-19 also impact spending within the Municipality.

Loss on Disposal of PPE

Increase due to write-off of assets, specifically loss on the write-off of a council vehicle after an accident.

Cash Flow Statement

38.2.8 Net Cash from Operating Activities

Receipts

Variances due to decrease in functions performed on behalf of Provincial Departments, increase in cash and cash equivalents and reprioritising of projects. Interest rates also significantly decreased as a result of Covid-19.

Payments

Decrease due to reprioritising of projects and budget monitoring.

38.2.9 Net Cash from Investing Activities

Capital Assets

Decrease due to the purchase of the main IT server not completed by year-end.

		2020 R	2019 R
39.	**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**		
39.1	**Unauthorised expenditure**		
	Reconciliation of unauthorised expenditure:		
	Opening balance	1,929,655	-
	Correction of prior period error	-	-
	Restated opening balance	1,929,655	-
	Unauthorised expenditure current year - operational	-	1,184,250
	Unauthorised expenditure current year - capital	-	745,405
	Approved by Council or condoned	-	-
	Current	-	-
	Prior Period	-	-
	Transfer to receivables for recovery	-	-
	Current	-	-
	Prior Period	-	-
	Unauthorised expenditure awaiting authorisation	**1,929,655**	**1,929,655**

Unauthorised expenditure can be summarised as follow:

Incident		Disciplinary steps/criminal proceedings		
Employee related cost (Actuarial Valuations) which resulted in actuarial losses - 2018/19		*None*	1,184,250	1,184,250
Acquisiton of printers and tablets under finance leases - 2018/19		*None*	330,894	330,894
Over expenditure of approved budget - 2018/19		*None*	414,511	414,511
			1,929,655	1,929,655

The over expenditure incurred by municipal departments on their operating budgets during the year is attributable to the following categories:

Non-cash	-	1,929,655
Cash	-	-
	-	**1,929,655**

Analysed as follows: Non-cash

Employee related cost (Actuarial Valuations)	-	1,184,250
Contributed assets received from RRAMS and Department of Tourism	-	330,894
Acquisiton of printers and tablets under finance leases	-	414,511
	-	**1,929,655**

The overspending of the Budget per municipal vote can be summarised as follows:

	2020 Actual R	2020 Final Budget R	2020 Variance R	2020 Unauthorised R
Unauthorised expenditure current year - operating				
Vote 1 - Municipal Manager	20,047,589	22,083,698	(2,036,109)	-
Vote 2 - Manager: Corporate Services	17,122,193	19,159,439	(2,037,246)	-
Vote 3 - Manager: Economic Development	15,881,974	17,672,043	(1,790,069)	-
Vote 4 - Manager: Environmental Health	10,672,472	11,235,563	(563,091)	-
Vote 5 - Manager: Finance	6,646,354	7,604,685	(958,331)	-
Vote 6 - Manager: Roads	-	944,372	(944,372)	-
	70,370,581	78,699,800	(8,329,219)	-

	2020 Actual R	2020 Final Budget R	2020 Variance R	2020 Unauthorised R
Unauthorised expenditure current year - capital				
Vote 1 - Municipal Manager	105,480	474,000	(368,520)	-
Vote 2 - Manager: Corporate Services	58,331	84,000	(25,669)	-
Vote 3 - Manager: Economic Development	-	-	-	-
Vote 4 - Manager: Environmental Health	73,141	93,100	(19,959)	-
Vote 5 - Manager: Finance	12,474	15,030	(2,556)	-
Vote 6 - Manager: Roads	-	-	-	-
	249,427	666,130	(416,703)	-

	2020 R	2019 R
39.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	5,670	-
Correction of prior period error		-
Restated opening balance	5,670	-
Fruitless and wasteful expenditure current year	23,681	7,020
Recovered from individual	(650)	(1,350)
Condoned or written off by Council	-	-
Current	-	-
Prior Period	-	-
Transfer to receivables for recovery - not condoned	-	-
Current	-	-
Prior Period	-	-
Fruitless and wasteful expenditure awaiting condonement	**28,701**	**5,670**

Fruitless and wasteful expenditure can be summarised as follow:

Incident		Disciplinary steps/criminal proceedings		
Early checkout from Guesthouse for which accommodation was already paid - 2018/19		*None*	1,750	1,750
Extra night acommodation paid for Councillor not for official duties - 2018/19		*None*	600	600
Double booking for accommodation on same dates and same accommodation - 2018/19		*None*	3,320	3,320
Due to announcement of lockdown during COVID-19 pandemic, all travel arrangements terminated and no refund received - 19/20		*None*	8,055	-
Due to announcement of lockdown during COVID-19 pandemic, all travel arrangements terminated and only partial travel claim amount recovered from Councillor- 19/20		*None*	3,216	-
Accommodation booked but due to unforeseen circumstances, Councillor returned back to head office - 2019/20		*None*	11,760	-
			28,701	5,670

		2020 R	2019 R
39.3	**Irregular expenditure**		
	Reconciliation of irregular expenditure:		
	Opening balance	4,003,020	1,943,306
	Correction of prior period error	-	-
	Restated opening balance	4,003,020	1,943,306
	Irregular expenditure current year	673,722	2,059,714
	Expenditure authorised i.t.o. Section 32 of MFMA	-	-
	Current	-	-
	Prior Period	-	-
	Condonement supported by council		
	Current	-	-
	Prior Period	-	-
	Transfer to receivables for recovery - not condoned		
	Current	-	-
	Prior Period	-	-
	Irregular expenditure awaiting further action	**4,676,742**	**4,003,020**

Irregular expenditure can be summarised as follow:

Incident		Disciplinary steps/criminal proceedings		
Deviations from the Supply Chain regulations - 3 Quotations not obtained - 2018/19		*None*	203,759	203,759
Bid Ajudication Committee composition not in line with SCM regulations - 2018/19		*None*	1,558,771	1,558,771
Non Compliance with SCM Regulations on quotations - 2018/19		*None*	180,775	180,775
Bid Ajudication Committee composition not in line with SCM regulations - 2018/19		*None*	1,554,290	1,554,290
Financial assistance awarded without following SCM Regulations - 2018/19		*None*	328,020	328,020
Supplier not registered on Central Supplier Database (CSD) - 2018/19 and 2019/20		*None*	357,543	159,504
Non Compliance with SCM Regulations on quotations - Regulation 43(1) - 2018/19 and 2019/20		*None*	396,323	17,900
Non Compliance with SCM Regulations on quotations - Regulation 44(a) - 2019/20		*None*	14,727	-
Section 32 contracts ended but services still rendered and paid to service providers		*None*	82,533	-
			4,676,742	4,003,020

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

40. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

40.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

Opening balance	-	-
Council subscriptions	500,000	500,000
Amount paid - current year	(500,000)	(500,000)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	**-**	**-**

		2020 R	2019 R
40.2	**Audit fees - [MFMA 125 (1)(c)]**		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Current year audit fee	2,121,598	2,380,000
	External Audit - Auditor-General	2,121,598	2,380,000
	Internal Audit	-	-
	Audit Committee	-	-
	Amount paid - current year	(2,121,598)	(2,380,000)
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	-	-
40.3	**VAT - [MFMA 125 (1)(c)]**		
	Opening balance	330,578	770,784
	Correction of prior period error	-	-
	Restated opening balance	330,578	770,784
	Amounts received - previous year	-	-
	Amounts received - current year	(1,606,919)	(1,852,375)
	Amount claimed - current year	1,534,351	1,412,169
	Amount claimed - previous year	-	-
	Closing balance	**258,010**	**330,578**

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

40.4	**PAYE and UIF - [MFMA 125 (1)(c)]**		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Current year payroll deductions	6,505,129	6,223,706
	Amount paid - current year	(6,505,129)	(6,223,706)
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	-	-
40.5	**Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]**		
	Opening balance	-	-
	Correction of prior period error	-	-
	Restated opening balance	-	-
	Current year payroll deductions and Council Contributions	10,516,244	9,638,975
	Amount paid - current year	(10,516,244)	(9,638,975)
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	-	-

40.6 **Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005**

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b):

30 June 2020

		Type of Deviation			
	Total	Single Supplier	Impossible	Impractical	Emergency
July	53,170	-	-	53,170	-
August	88,067	20,359	-	67,708	-
September	56,610	25,183	-	31,427	-
October	134,984	88,143	-	46,841	-
November	175,315	33,070	-	142,244	-
December	88,572	10,112	-	78,460	-
January	62,149	16,524	-	45,625	-
February	145,878	53,934	-	91,944	-
March	164,030	38,505	-	125,525	-
April	42,015	999	-	41,016	-
May	160,591	-	-	160,591	-
June	848,831	52,563	-	796,268	-
	2,020,210	339,392	-	1,680,817	-

30 June 2019

		Type of Deviation			
	Total	Single Supplier	Impossible	Impractical	Emergency
July	53,175	34,076	-	19,099	-
August	79,960	38,614	-	41,346	-
September	101,432	45,096	-	56,337	-
October	63,440	17,713	-	41,938	3,788
November	82,023	24,652	-	57,370	-
December	59,065	18,326	-	40,738	-
January	25,239	3,170	-	22,070	-
February	84,827	13,767	-	71,060	-
March	70,406	6,821	-	63,585	-
April	72,718	2,826	-	69,892	-
May	176,306	126,515	-	49,791	-
June	53,170	-	-	53,170	-
	921,760	331,576	-	586,396	3,788

	2020 R	2019 R

41. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

	2020 R	2019 R
The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
1% (2019: 1%) Increase in interest rates	39,542	71,726
1% (2019: 1%) Decrease in interest rates	(39,542)	(71,726)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 5 and 6 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

	2020 %	2020 R	2019 %	2019 R
Property Rentals	7.02%	1,129,246	5.88%	958,139
Other	92.98%	14,958,108	94.12%	15,348,473
	100.00%	16,087,354	100.00%	16,306,611

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 5 and 6 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2020 %	2020 R	2019 %	2019 R
Other	95.59%	13,635,907	95.17%	13,670,845
Property Rentals	4.41%	629,244	4.83%	694,276
	100.00%	14,265,152	100.00%	14,365,121

The provision for bad debts could be allocated between the different categories of receivables as follow:

	2020 %	2020 R	2019 %	2019 R
Government	92.68%	13,221,227	91.98%	13,212,546
Industrial	2.91%	414,681	3.19%	458,299
Residential	4.41%	629,244	4.83%	694,276
	100.00%	14,265,152	100.00%	14,365,121

Ageing of amounts past due but not impaired are as follow:	Exchange Receivables	Non-exchange Receivables
2020		
1 month past due	75,966	1,467
2+ months past due	966,331	3,894,344
	1,042,297	3,895,810
2019		
1 month past due	80,091	1,752
2+ months past due	794,183	394,626
	874,274	396,379

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Financial assets exposed to credit risk at year end are as follows:	2020 R	2019 R
Receivables from exchange transactions	1,164,792	1,012,230
Receivables from non-exchange transactions	18,464,624	15,452,419
Cash and Cash Equivalents	4,187,807	7,536,997
	23,817,223	24,001,646

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2020				
Long-term Liabilities	171,793	98,567	-	-
Trade and Other Payables	2,646,154	-	-	-
	2,817,948	98,567	-	-

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2019				
Long-term Liabilities	185,901	270,360	-	-
Trade and Other Payables	3,494,907	-	-	-
	3,680,807	270,360	-	-

42. FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

42.1 Financial Assets

	Classification	2020 R	2019 R
Receivables from Exchange Transactions			
Property Rentals	Financial Instruments at amortised cost	1,129,246	958,139
Other Arrears	Financial Instruments at amortised cost	-	-
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	674,204	1,352,082
Call Deposits	Financial Instruments at amortised cost	3,513,603	6,184,915
Total Financial Assets		**5,317,053**	**8,495,136**

SUMMARY OF FINANCIAL ASSETS

Financial Instruments at amortised cost:			
Receivables from Exchange Transactions	Property Rentals	1,129,246	958,139
Receivables from Exchange Transactions	Other Arrears	-	-
Cash and Cash Equivalents	Bank Balances	674,204	1,352,082
Cash and Cash Equivalents	Call Deposits	3,513,603	6,184,915
		5,317,053	8,495,136
Total Financial Assets		**5,317,053**	**8,495,136**

42.2 Financial Liabilities

	Classification		
Long-term Liabilities			
Capitalised Lease Liability	Financial Instruments at amortised cost	233,635	364,425
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	398,506	519,566
Advance Payments	Financial Instruments at amortised cost	37,769	39,491
Department of Environmental affairs - Work for Water	Financial Instruments at amortised cost	2,525	664,963
Other Payables	Financial Instruments at amortised cost	2,207,354	2,279,116
Retentions	Financial Instruments at amortised cost	-	-
Cash and Cash Equivalents			
Bank Overdraft	Financial Instruments at amortised cost	-	-
		2,879,789	3,867,561

SUMMARY OF FINANCIAL LIABILITIES

Financial instruments at amortised cost:			
Long-term Liabilities	Capitalised Lease Liability	233,635	364,425
Trade and Other Payables	Trade Payables	398,506	519,566
Trade and Other Payables	Advance Payments	37,769	39,491
Trade and Other Payables	Control, Clearing and Interface Accounts	2,525	664,963
Trade and Other Payables	Other Payables	2,207,354	2,279,116
		2,879,789	**3,867,561**

43. STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:

	2020 R	2019 R
Taxes		
VAT Receivable	258,010	330,578
Total Statutory Receivables (before provision)	**258,010**	**330,578**
Less: Provision for Debt Impairment	-	-
Total Statutory Receivables (after provision)	**258,010**	**330,578**

Statutory Receivables arises from the following legislation:

Taxes - Value Added Tax Act (No 89 of 1991)

Statutory receivables are initially measured at transaction value, and subsequently at cost.

Interest Received from Statutory Receivables

Taxes	-	-
	-	-

44. PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

45. CONTINGENT LIABILITY

The municipality is not currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions.

46. RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

46.1 Compensation of key management personnel

The compensation of key management personnel is set out in note 22 to the Annual Financial Statements.

46.2 Current Employee Benefits

The Municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management on 30 June 2020:

Name	Position	Staff Leave Obligations	Staff Bonus Obligations	Travel and Subsistence paid
CJ Fortuin	Municipal Manager	56,451	25,888	153,018
R Datadin	Chief Financial Officer	63,776	27,592	21,182
G Cloete	Head: Corporate and Municipal Health Services	16,584	26,658	36,917
J Loubser	Head: Economic Development and Planning	160,581	41,557	94,607
		297,391	**121,695**	**305,723**

The Municipality has the following current employee benefit obligations and made other non-Employee Related Cost payments towards senior management on 30 June 2019:

Name	Position	Staff Leave Obligations	Staff Bonus Obligations	Travel and Subsistence paid
CJ Fortuin	Municipal Manager	29,546	25,888	160,023
R Datadin	Chief Financial Officer	30,803	25,888	33,812
G Cloete	Head: Corporate and Municipal Health Services	73,344	25,888	58,180
J Loubser	Head: Economic Development and Planning	128,066	38,948	123,145
		261,760	**116,613**	**375,160**

		2020 R	2019 R
46.3	**Other related party transactions**		

The following purchases were made during the year where Councillors or staff have an interest:

Company Name	Related Party	Service Capacity	Relationship		
Afren Power Projects (Pty) Ltd	C Jantjies	Accountant	Wife	3,086	-
GPJ Solar Electric (Pty) Ltd	C Jantjies	Accountant	Wife	2,930	33,438
				6,016	**33,438**

47. FINANCIAL SUSTAINABILITY

Financial Indicators

We draw attention to the fact that, as at 30 June 2020, several factors exist that might influence the ability of the municipality to continue as a going concern.

These factors include:
- The non-current employee benefit liability is not cashed back;
- The provision for impairment of receivables is high at R 14 265 151 (2019: R14 365 121) whereby the majority of impairment is due to debts owed by government departments;
- The Municipality's total liabilities exceed its total assets by R 9 010 327 (2019: R10 276 471);
- The Municipality incurred a net surplus for the year under review of R 1 266 143 (R2019: R5 235 593 - net deficit);
- The accumulated deficit is R 9 107 072 (2019: R10 350 302);
- The Municipality had negative cashflows of R3 349 190 (2019: R4 066 971).

Even though the above uncertainties exist regarding the municipality's ability to continue as a going concern, the annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the funds will be available to finance future operations and that the realisation of assets and the settlement of liabilities and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors, most significant of these being the ability to procure funding for the ongoing operations of the municipality.

Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the budget. The cash management processes is complemented by regular reporting, highlighting the actual cash position.

The cost containment circular issued by National Treasury has been adopted by Council and is currently implemented in the municipality.

The municipality has budgeted for positive cash flows of R2 489 000 for the 2020/21 financial year.

Business plans / proposals have been compiled by management to obtain funds from external parties to increase our revenue resources in order to fund the operations and to render municipal support services on a shared services basis to the local municipalities in the district.

Innovative strategic management is deployed to better the financial health of the Namakwa District Municipality in the long term.

Political intervention and strategic direction is given to the municipal administration by the Executive Mayor of the municipality to sustain the financial health of the municipality.

The fair value of Land and Buildings exceeds their carrying value amount with Rxx xxx xxx (2019: R18 478 481.85).

As the municipality will continue to receive funding from government, as is evident from the Equitable Share allocations as published in the Division of Revenue Act and the fact that the Medium Term Revenue and Expenditure Framework (MTREF) for the 2020/21, 2021/22 and 2022/23 financial years are funded and approved by the Council, the municipality is of the opinion that it will be able to continue as a going concern in the foreseeable future.

COVID-19 - Background

The coronavirus outbreak has been international news since December 2019, but the South African National Institute for Communicable Diseases only confirmed the first positive case of COVID-19 in South Africa on 5 March 2020. On the 23rd of March 2020 President Cyril Ramaphosa announced the nationwide lockdown. On 30 March 2020 the Minister of Finance issued a conditional Exemption Notice in terms of section 177(1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), in order to facilitate and enable the performance of legislative responsibilities by municipalities and municipal entities during the national state of disaster.

COVID-19 - Impact on Municipality

Due to the national state of disaster, various regulatory requirements were instituted in order to ensure that the impact of the spread of the virus is limited. The impact has been devastating to the most vulnerable in our community. As a results of the robust financial model applied by the municipality however, the overall going concern and financial position remains relatively unchanged due to continued support by those members of the community who can afford to do so.

The below illustrates how these regulations had impacted the current year financial results of the

Current Assets: *No significant impact as non-payment of receivables existed before the start of the disaster*

Interest received: *There was a significant decrease in interest rates which results in less interest earned on investments*

Grants Received: The municipality received special allocations in order to assist communities in need to the value of R 149 000 from Provincial Disaster Management.

Expenses: *The municipality through a special adjustment budget reprioritised expenditure in order to assist in the combating of Covid-19*

There are no prior year information available regarding expenditure in lieu of Covid-19. The summary below indicates the total Covid-19 response expenditure for the period ending 30 June 2020.

	2020 R	2019 R
Nature of expenditure		
Employee related costs including overtime and standy allowance	*58,997*	-
Travel and subistence	*148,690*	-
Personal Protective Equipment	*69,444*	-
Sanitation of Office Buildings and other public areas	*97,654*	-
Costs of screening and testing	*35,000*	-
Community awareness regarding Covid-19	*16,091*	-
Biohazard bags provided to funeral parlours	*15,304*	
Sanitising materials	*53,694*	-
	-	-
	494,873	-

	2020 R	2019 R
The Covid-19 response expenditure is funded from the following sources:		
Own Revenue	346,234	-
Grant Funding	148,639	-
	494,873	-

48. EVENTS AFTER REPORTING PERIOD

Covid-19

Within the municipal space, the effects of COVID-19 is likely to be a current period event which will require ongoing evaluation to determine the extent to which developments after the reporting date, should be recognised in the current reporting period. Council has approved our revised budget for 2020/21 which includes various concessions in order to further mitigate the economic impact of the virus on our communities.

No further events which may have financial implications for the municipality and warrants disclosure in the financial statements occurred after to 30 June 2020.

49. ADDITIONAL DISCLOSURES IN TERMS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

APPENDIX A
NAMAKWA DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2020

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2019	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2020	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
LEASE LIABILITY										
Office Equipment and Tablets		NDM006-460818	31/01/2022	364 425	-	-	(130 790)	233 635	216 853	-
Total Lease Liabilities				364 425	-	-	(130 790)	233 635	216 853	-
TOTAL EXTERNAL LOANS				364 425	-	-	(130 790)	233 635	216 853	-

APPENDIX B
NAMAKWA DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R		2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R
			Governance and Administration			
7 367 830	(18 519 781)	(11 151 951)	Executive and council	12 415 866	(19 041 519)	(6 625 654)
44 540 091	(22 474 811)	22 065 280	Finance and administration	50 838 858	(23 768 546)	27 070 312
-	(1 272 468)	(1 272 468)	Internal audit	-	(1 006 070)	(1 006 070)
			Community and Public Safety			
-	-	-	Community and social services	-	-	-
-	-	-	Sport and recreation	-	-	-
284 425	(4 671 616)	(4 387 191)	Public safety	418 077	(5 587 480)	(5 169 403)
-	-	-	Housing	-	-	-
2 428 000	(5 021 541)	(2 593 541)	Health	-	(5 084 992)	(5 084 992)
			Economic and Environmental Services			
6 333 542	(10 414 890)	(4 081 348)	Planning and development	3 794 970	(8 472 594)	(4 677 624)
-	-	-	Road transport	-	-	-
2 706 720	(4 616 849)	(1 910 129)	Environmental protection	4 168 954	(5 656 351)	(1 487 397)
			Trading Services			
-	-	-	Energy sources	-	-	-
-	-	-	Water management	-	-	-
-	-	-	Waste water management	-	-	-
-	-	-	Waste management	-	-	-
22 150	(1 926 395)	(1 904 245)	**Other**	-	(1 753 029)	(1 753 029)
63 682 758	(68 918 351)	(5 235 593)	Sub Total	71 636 725	(70 370 581)	1 266 143
-	-	-	Less Inter-Departmental Charges	-	-	-
63 682 758	(68 918 351)	(5 235 593)	**Total**	71 636 725	(70 370 581)	1 266 143

APPENDIX C

NAMAKWA DISTRICT MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

MUNICIPAL VOTES CLASSIFICATIONS

2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R		2020 Actual Income R	2020 Actual Expenditure R	2020 Surplus/ (Deficit) R
			Municipal Manager			
-	(2 772 887)	(2 772 887)	Council: Councillors	-	(3 214 933)	(3 214 933)
2 699 239	(5 195 418)	(2 496 179)	Council Expenditure	4 663 570	(6 205 178)	(1 541 608)
475 873	(1 288 835)	(812 962)	Executive Mayor	-	(871 589)	(871 589)
-	(1 375 327)	(1 375 327)	Internal Audit and Audit Committee	-	(1 091 108)	(1 091 108)
468 718	(2 722 261)	(2 253 543)	Mayor - PA	793 296	(2 339 953)	(1 546 657)
-	(1 620 632)	(1 620 632)	Municipal Manager	-	(1 657 478)	(1 657 478)
-	(2 837 363)	(2 837 363)	Municipal Manager - Admin	-	(3 263 417)	(3 263 417)
-	-	-	Housing	-	-	-
-	(854 116)	(854 116)	Speaker	-	(315 515)	(315 515)
-	(1 125 410)	(1 125 410)	Speaker - PA	-	(1 088 419)	(1 088 419)
			Manager: Corporate Services			
2 393 868	(8 641 441)	(6 247 573)	Adminstration	4 692 063	(11 299 255)	(6 607 192)
-	(5 317 556)	(5 317 556)	Human Resources	2 542 504	(2 292 907)	249 597
933 397	(1 547 467)	(614 069)	Council Buildings	1 006 430	(1 666 298)	(659 868)
-	(1 775 518)	(1 775 518)	Council Vehicles	-	(1 863 733)	(1 863 733)
3 724 000	-	3 724 000	Equitable Share - Admin	6 959 000	-	6 959 000
-	-	-	Equitable Share - Electricity	-	-	-
-	-	-	Equitable Share - Sanitation	-	-	-
-	-	-	Equitable Share - Water	-	-	-
-	-	-	Operational and Maintenance	-	-	-
			Manager: Economic Development			
-	(466 025)	(466 025)	Economic Development	-	(983 765)	(983 765)
-	-	-	Fish Factory	-	-	-
-	-	-	Harbour	-	-	-
-	-	-	Project Manager SLP	-	-	-
22 150	(1 926 395)	(1 904 245)	Tourism	-	(1 753 029)	(1 753 029)
2 706 619	(4 616 849)	(1 910 230)	Working for Water	4 168 954	(5 656 351)	(1 487 397)
-	(1 581 543)	(1 581 543)	Planning	-	(1 503 405)	(1 503 405)
16 565	(2 725 021)	(2 708 456)	Council Projects	-	(2 062 053)	(2 062 053)
6 317 078	(5 642 301)	674 777	Project Management	3 794 970	(3 923 371)	(128 401)
			Manager: Environmental Health			
-	-	-	Ambulance	-	-	-
2 428 000	(4 977 626)	(2 549 626)	Environmental Health	-	(5 038 104)	(5 038 104)
-	-	-	Law Enforcement	-	-	-
-	(43 915)	(43 915)	Primary Health	-	(46 889)	(46 889)
284 425	(4 671 616)	(4 387 191)	Safety	418 077	(5 587 480)	(5 169 403)
			Manager: Finance			
41 212 825	(5 192 828)	36 019 997	Finance	42 597 861	(6 646 354)	35 951 508
			Manager: Roads			
-	-	-	Plant and Equipment	-	-	-
-	-	-	Roads	-	-	-
			Manager: Municipal Support Unit			
-	-	-	Municipal Support Unit	-	-	-
63 682 758	(68 918 351)	(5 235 593)	Sub Total	71 636 725	(70 370 581)	1 266 143
-	-	-	Less Inter-Departmental Charges	-	-	-
63 682 758	(68 918 351)	(5 235 593)	**Total**	71 636 725	(70 370 581)	1 266 143

APPENDIX D
NAMAKWA DISTRICT MUNICIPALITY

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, INTANGIBLE ASSETS, BIOLOGICAL ASSETS AND HERITAGE ASSETS AS AT 30 JUNE 2020
MUNICIPAL VOTES CLASSIFICATIONS

	Cost/Revaluation					Accumulated Depreciation					Carrying Value
	Opening Balance	Correction of Error	Additions	Disposals/ Impairment	Closing Balance	Opening Balance	Correction of Error	Depreciation	Disposals/ Impairment	Closing Balance	
Executive Mayor	101 463	-	-	(22 957)	78 506	84 681	-	4 736	(22 542)	66 874	11 632
Mayor - P.A	122 889	-	12 474	(3 125)	132 238	102 321	-	6 217	(2 283)	106 255	25 983
Speaker	51 860	-	-	(2 631)	49 229	50 637	-	339	(2 597)	48 378	851
Speaker - P.A	34 666	-	-	(1 227)	33 439	33 395	-	440	(1 227)	32 608	830
Council Administration	12 807 000	-	80 531	(11 449)	12 876 082	9 218 311	-	343 448	(11 292)	9 550 467	3 325 615
Municipal Manager	230 848	-	-	(15 713)	215 134	194 633	-	9 930	(14 932)	189 631	25 503
Municipal Manager - Administration	31 164	-	-	(1 227)	29 937	30 281	-	315	(1 073)	29 523	414
Internal Audit	45 290	-	12 474	(262)	57 502	40 495	-	3 260	(259)	43 496	14 006
Budget and Treasury	1 686 672	-	-	(90 055)	1 596 617	1 621 621	-	25 482	(88 901)	1 558 201	38 416
Finance	21 747	-	12 474	-	34 221	3 912	-	5 789	-	9 701	24 520
Asset Management	6 597	-	-	-	6 597	2 199	-	1 649	-	3 848	2 749
Household Services	647 534	-	58 331	(81 688)	624 177	558 750	3 316	34 836	(83 704)	513 198	110 979
Human Resources	167 646	-	-	(13 430)	154 215	161 216	-	1 976	(12 018)	151 175	3 041
Council Buildings	3 394 581	-	-	(22 560)	3 372 021	2 373 460	-	225 539	(19 706)	2 579 294	792 728
Council Vehicles	5 502 831	26 077	-	(517 170)	5 011 739	3 180 133	-	545 651	(509 498)	3 216 286	1 795 453
Corporate Services	1 504	-	-	-	1 504	100	-	301	-	401	1 103
Planning	879 077	-	-	(182 960)	696 117	786 501	-	27 516	(180 759)	633 258	62 859
Eonomic Development	104 586	-	-	(13 634)	90 952	92 740	-	4 177	(12 238)	84 679	6 273
Tourism	290 733	-	-	(47 950)	242 783	246 210	-	9 198	(47 417)	207 990	34 793
Work for Water	-	-	-	-	-	-	-	-	-	-	-
Council Projects	288 866	-	-	(55 142)	233 724	281 762	-	2 557	(54 624)	229 695	4 029
Local Municipal Project Support	981 096	55 358	-	(404 714)	631 740	93 902	11 072	149 928	(106 000)	148 902	482 838
PMU	17 481	-	-	(672)	16 809	16 709	-	256	(637)	16 328	481
Safety	3 280 806	-	73 141	(378 417)	2 975 530	2 571 849	-	192 904	(316 715)	2 448 038	527 492
Environmental Health	227 149	-	-	(36 254)	190 895	166 050	-	14 221	(22 541)	157 730	33 165
	30 924 086	81 435	249 427	(1 903 239)	29 351 709	21 911 870	14 388	1 610 665	(1 510 965)	22 025 958	7 325 751

APPENDIX E

NAMAKWA DISTRICT MUNICIPALITY

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2019	Correction of Error	Restated Balance 30 June 2019	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2020	Unspent 30 June 2020 (Creditor)	Unpaid 30 June 2020 (Debtor)
National Government Grants											
Finance Management Grant	1 026	-	1 026	1 785 000	-	-	(1 784 525)	-	1 501	1 501	-
RSC Levies Replacement Grant	-	-	-	39 483 000	-	-	(39 483 000)	-	-	-	-
Equitable Share	-	-	-	6 959 000	-	-	(6 959 000)	-	-	-	-
Concillors Remuneration Grant	-	-	-	2 750 000	-	-	(2 750 000)	-	-	-	-
Expanded Public Works Program	1 070	-	1 070	1 000 000	-	-	(972 856)	-	28 214	28 214	-
Municipal System Improvement Grant	1 359	-	1 359	-	-	-	-	-	1 359	1 359	-
Rural Roads Asset Management Grant	2 829	-	2 829	3 076 000	-	-	(3 076 215)	-	2 614	2 614	-
Planning and Implementation Management System	2 255	-	2 255	-	-	-	-	-	2 255	2 255	-
Total National Government Grants	**8 539**	**-**	**8 539**	**55 053 000**	**-**	**-**	**(55 025 596)**	**-**	**35 942**	**35 942**	**-**
Provincial Government Grants											
Municipal Disaster Relief	-	-	-	149 000	-	-	(148 639)	-	361	361	-
Civil Defence Subsidy	393 529	-	393 529	246 000	-	-	(170 381)	(73 141)	396 006	396 006	-
Fire Equipment Grant	11 733	-	11 733	-	-	-	-	-	11 733	11 733	-
Integrated Development Planning	2 001	-	2 001	-	-	-	-	-	2 001	2 001	-
Komaggas Road	1	-	1	-	-	-	-	-	1	1	-
SA Projects	8	-	8	-	-	-	-	-	8	8	-
NC Housing	135 554	-	135 554	800 000	-	-	(793 296)	-	142 259	142 259	-
Khotso Pula Nala	1 050 385	-	1 050 385	-	-	-	(718 754)	-	331 631	331 631	-
Electronic Filing System	4 798	-	4 798	-	-	-	-	-	4 798	4 798	-
Total Provincial Government Grants	**1 598 008**	**-**	**1 598 008**	**1 195 000**	**-**	**-**	**(1 831 071)**	**(73 141)**	**888 795**	**888 795**	**-**
Other Grant Providers											
Training Reserve (SETA)	3 842	-	3 842	2 742	-	-	-	-	6 583	6 583	-
Total Other Grant Providers	**3 842**	**-**	**3 842**	**2 742**	**-**	**-**	**-**	**-**	**6 583**	**6 583**	**-**
Total Grants	1 610 388	-	1 610 388	56 250 742	-	-	(56 856 667)	(73 141)	931 321	931 321	-

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.

NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A1 Budget Summary

Description	2019/20								2018/19			
R thousands	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Service charges	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Investment revenue	2 800	–	2 800	934		1 866	33.4%	33.4%				933
Transfers recognised - operational	58 321	4 804	63 125	56 857		6 268	90.1%	97.5%				–
Other own revenue	8 628	1 490	10 119	11 230		(1 111)	111.0%	130.2%				62 749
Total Revenue (excluding capital transfers and contributions)	**69 749**	**6 295**	**76 044**	**69 021**	**–**	**7 023**	**90.8%**	**99.0%**				**63 683**
Employee costs	40 532	(436)	40 095	33 889	–	6 207	84.5%	83.6%	–	–	–	35 116
Remuneration of councillors	3 381	(84)	3 297	3 202	–	94	97.1%	94.7%	–	–	–	3 119
Debt impairment	–	–	–	(100)	–	100	#DIV/0!	#DIV/0!				(597)
Depreciation & asset impairment	1 563	(5)	1 558	1 628	–	(70)	104.5%	104.1%	–	–	–	1 632
Finance charges	169	(8)	161	1 724	–	(1 563)	1073.9%	1022.3%	–	–	–	1 589
Materials and bulk purchases	1 164	207	1 371	–	–	1 371	0.0%	0.0%	–	–	–	–
Transfers and grants	220	32	252	307	–	(55)	121.8%	139.5%	–	–	–	273
Other expenditure	26 381	5 586	31 967	27 079	–	4 888	84.7%	102.6%	–	–	–	27 788
Total Expenditure	**73 409**	**5 290**	**78 700**	**67 728**	**–**	**10 972**	**86.1%**	**92.3%**	**–**	**–**	**–**	**68 918**
Surplus/(Deficit)	**(3 661)**	**1 004**	**(2 656)**	**1 293**	**–**	**(3 949)**	**-48.7%**	**-35.3%**				**(5 236)**
Transfers recognised - capital	200	(107)	93	73		20	78.6%	36.6%				–
Contributions recognised - capital & contributed assets	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) after capital transfers & contributions	**(3 461)**	**898**	**(2 563)**	**1 366**	**–**	**(3 929)**	**-53.3%**	**-39.5%**				**(5 236)**
Share of surplus/ (deficit) of associate	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) for the year	**(3 461)**	**898**	**(2 563)**	**1 366**	**–**	**(3 929)**	**-53.3%**	**-39.5%**				**(5 236)**
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	200	(107)	93	73		20	78.6%	36.6%				–
Public contributions & donations	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Borrowing	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Internally generated funds	159	1 349	573	176		397	30.8%	110.9%				–
Total sources of capital funds	**359**	**1 242**	**666**	**249**	**–**	**417**	**37.4%**	**69.5%**				**–**
Cash flows												
Net cash from (used) operating	4 320	977	5 297	(2 969)		8 266	-56.0%	-68.7%				(480)
Net cash from (used) investing	(359)	(307)	(666)	(249)		(417)	37.4%	69.5%				(3 860)
Net cash from (used) financing	–	(131)	(131)	(131)		0	100.0%	#DIV/0!				273
Cash/cash equivalents at the year end	**13 933**	**(1 895)**	**12 038**	**4 188**		**7 850**	**34.8%**	**30.1%**				**–**

NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2019/20								2018/19			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	**56 542**	**7 372**	**63 913**	**63 255**		**659**	**99.0%**	**111.9%**				**51 908**
Executive and council	9 981	2 728	12 709	12 416		293	97.7%	124.4%				7 368
Finance and administration	46 561	4 644	51 204	50 839		366	99.3%	109.2%				44 540
Internal audit	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Community and public safety	**2 887**	**(2 234)**	**653**	**418**		**234**	**64.1%**	**14.5%**				**2 712**
Community and social services	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Sport and recreation	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Public safety	459	194	653	418		234	64.1%	91.2%				284
Housing	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Health	2 428	(2 428)	–	–		–	#DIV/0!	0.0%				2 428
Economic and environmental services	**10 520**	**1 050**	**11 571**	**7 964**		**3 607**	**68.8%**	**75.7%**				**9 040**
Planning and development	3 076	1 050	4 126	3 795		331	92.0%	123.4%				6 334
Road transport	944	–	944	–		944	0.0%	0.0%				–
Environmental protection	6 500	–	6 500	4 169		2 331	64.1%	64.1%				2 707
Trading services	–	–	–	–		–	**#DIV/0!**	**#DIV/0!**				**22**
Electricity	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Water	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Waste water management	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Waste management	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Other	–	–	–	–		–	**#DIV/0!**	**#DIV/0!**				**22**
Total Revenue - Standard	**69 949**	**6 188**	**76 137**	**71 637**		**4 500**	**94.1%**	**102.4%**				**63 683**

NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2019/20								2018/19			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Expenditure - Standard												
Governance and administration	44 759	4 089	48 848	43 816	–	–	0.0%	0.0%	–	–	–	42 267
Executive and council	21 496	(604)	20 892	19 042	–	1 850	91.1%	88.6%	–	–	–	18 520
Finance and administration	21 875	4 889	26 764	23 769	–	2 996	88.8%	108.7%	–	–	–	22 475
Internal audit	1 388	(196)	1 192	1 006	–	186	84.4%	72.5%	–	–	–	1 272
Community and public safety	10 540	696	11 236	10 672	–	–	0.0%	0.0%	–	–	–	9 693
Community and social services	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Sport and recreation	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Public safety	5 020	727	5 747	5 587	–	159	97.2%	111.3%	–	–	–	4 672
Housing	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Health	5 520	(31)	5 489	5 085	–	404	92.6%	92.1%	–	–	–	5 022
Economic and environmental services	16 064	536	16 599	14 129	–	–	0.0%	0.0%	–	–	–	15 032
Planning and development	8 619	536	9 155	8 473	–	682	92.5%	98.3%	–	–	–	10 415
Road transport	944	–	944	–	–	944	0.0%	0.0%	–	–	–	–
Environmental protection	6 500	–	6 500	5 656	–	844	87.0%	87.0%	–	–	–	4 617
Trading services	2 047	(30)	2 017	1 753	–	–	0.0%	0.0%	–	–	–	1 926
Electricity	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Water	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Waste water management	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Waste management	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Other	2 047	(30)	2 017	1 753	–	–	0.0%	0.0%	–	–	–	1 926
Total Expenditure - Standard	73 409	5 290	78 700	70 371	–	–	0.0%	0.0%	–	–	–	68 918
Surplus/(Deficit) for the year	(3 461)	898	(2 563)	1 266	–	–	0.0%	0.0%	–	–	–	(5 236)

NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2019/20								2018/19			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - Municipal Manager	5 450	300	5 750	5 457		293	94.9%	100.1%				3 644
Vote 2 - Manager: Corporate Services	6 964	6 672	13 635	15 200		(1 565)	111.5%	218.3%				7 051
Vote 3 - Manager: Economic Development	9 576	1 050	10 626	7 964		2 662	74.9%	83.2%				9 062
Vote 4 - Manager: Environmental Health	2 887	(2 234)	653	418		234	64.1%	14.5%				2 712
Vote 5 - Manager: Finance	44 128	400	44 528	42 598		1 930	95.7%	96.5%				41 213
Vote 6 - Manager: Roads	944	–	944	–		–	-	-				–
Total Revenue by Vote	**69 949**	**6 188**	**76 137**	**71 637**	**–**	**3 556**	**94.1%**	**102.4%**				**63 683**
Expenditure by Vote *to be appropriated*												
Vote 1 - Municipal Manager	22 884	(800)	22 084	20 048	(2 036)	2 036	90.8%	87.6%	–	–	–	19 792
Vote 2 - Manager: Corporate Services	15 025	4 134	19 159	17 122	(2 037)	2 037	89.4%	114.0%	–	–	–	17 282
Vote 3 - Manager: Economic Development	17 166	506	17 672	15 882	(1 790)	1 790	89.9%	92.5%	–	–	–	16 958
Vote 4 - Manager: Environmental Health	10 540	696	11 236	10 672	(563)	563	95.0%	101.3%	–	–	–	9 693
Vote 5 - Manager: Finance	6 850	755	7 605	6 646	(958)	958	87.4%	97.0%	–	–	–	5 193
Vote 6 - Manager: Roads	944	–	944	–	(944)	–	0.0%	0.0%	–	–	–	–
Total Expenditure by Vote	**73 409**	**5 290**	**78 700**	**70 371**	**–**	**8 329**	**89.4%**	**95.9%**	**–**	**–**	**–**	**68 918**
Surplus/(Deficit) for the year	**(3 461)**	**898**	**(2 563)**	**1 266**		**(3 829)**	**-49.4%**	**-36.6%**				**(5 236)**

NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2019/20								2018/19			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Service charges - electricity revenue	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Service charges - water revenue	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Service charges - sanitation revenue	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Service charges - refuse revenue	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Rental of facilities and equipment	1 124	–	1 124	1 006		117	89.6%	89.6%				933
Interest earned - external investments	2 800	–	2 800	934		1 866	33.4%	33.4%				1 326
Interest earned - outstanding debtors	60	–	60	76		(16)	126.1%	126.1%				83
Dividends received	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Fines, penalties and forfeits	–	–	–	–		–	#DIV/0!	#DIV/0!				2
Licences and permits	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Agency services	6 500	(6 500)	–	–		–	#DIV/0!	0.0%				–
Transfers and subsidies	58 321	4 804	63 125	56 857		6 268	90.1%	97.5%				55 635
Other revenue	944	7 990	8 935	10 148		(1 213)	113.6%	1074.6%				5 703
Gains on disposal of PPE	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Total Revenue (excluding capital transfers and contributions)	**69 749**	**6 295**	**76 044**	**69 021**		**7 023**	**90.8%**	**99.0%**				**63 683**
Expenditure By Type							-	-				
Employee related costs	40 532	(436)	40 095	33 889	–	6 207	84.5%	83.6%	–	–	–	35 116
Remuneration of councillors	3 381	(84)	3 297	3 202	–	94	97.1%	94.7%	–	–	–	3 119
Debt impairment	–	–	–	(100)	–	100	#DIV/0!	#DIV/0!	–	–	–	(597)
Depreciation & asset impairment	1 563	(5)	1 558	1 628	–	(70)	104.5%	104.1%	–	–	–	1 632
Finance charges	169	(8)	161	1 724	–	(1 563)	1073.9%	1022.3%	–	–	–	1 589
Bulk purchases	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Other materials	1 164	207	1 371	–	–	1 371	0.0%	0.0%	–	–	–	–
Contracted services	14 129	5 646	19 775	16 057	–	3 718	81.2%	113.6%	–	–	–	12 408
Transfers and grants	220	32	252	307	–	(55)	121.8%	139.5%	–	–	–	273
Other expenditure	12 251	(60)	12 192	10 746	–	1 445	88.1%	87.7%	–	–	–	15 306
Loss on disposal of PPE	–	–	–	375	–	(375)	#DIV/0!	#DIV/0!	–	–	–	74
Total Expenditure	**73 409**	**5 290**	**78 700**	**67 828**	**–**	**10 872**	**86.2%**	**92.4%**	**–**	**–**	**–**	**68 918**

NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2019/20								2018/19			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Surplus/(Deficit)	(3 661)	1 004	(2 656)	1 193		(3 849)	-44.9%	-32.6%				(5 236)
Transfers recognised - capital	200	(107)	93	73		20	78.6%	36.6%				–
Contributions recognised - capital	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Contributed assets	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) after capital transfers & contributions	(3 461)	898	(2 563)	1 266		(3 829)	-49.4%	-36.6%				(5 236)
Taxation	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) after taxation	(3 461)	898	(2 563)	1 266		(3 829)	-49.4%	-36.6%				(5 236)
Attributable to minorities	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) attributable to municipality	(3 461)	898	(2 563)	1 266		(3 829)	-49.4%	-36.6%				(5 236)
Share of surplus/ (deficit) of associate	–	–	–	–		–	#DIV/0!	#DIV/0!				–
Surplus/(Deficit) for the year	(3 461)	898	(2 563)	1 266		(3 829)	-49.4%	-36.6%				(5 236)

NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2019/20								2018/19			
R thousand	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - Municipal Manager	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 2 - Manager: Corporate Services	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 3 - Manager: Economic Development	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 4 - Manager: Environmental Health	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 5 - Manager: Finance	–	–	–	–	–	–	0%	0%	–	–	–	–
Vote 6 - Manager: Roads	–	–	–	–	–	–	0%	0%	–	–	–	–
Capital multi-year expenditure	–	–	–	–	–	–	0%	0%	–	–	–	–
Single-year expenditure												
Vote 1 - Municipal Manager	60	414	474	105	–	369	22%	176%	–	–	–	–
Vote 2 - Manager: Corporate Services	84	–	84	58	–	26	69%	69%	–	–	–	–
Vote 3 - Manager: Economic Development	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 4 - Manager: Environmental Health	200	(107)	93	73	–	20	79%	37%	–	–	–	–
Vote 5 - Manager: Finance	15	0	15	12	–	3	83%	83%	–	–	–	–
Vote 6 - Manager: Roads	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Capital single-year expenditure	359	307	666	249	–	417	37%	69%	–	–	–	–
Total Capital Expenditure - Vote	359	307	666	249	–	417	37%	69%	–	–	–	–

NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2019/20								2018/19			
R thousand	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditure - Standard												
Governance and administration	159	414	573	176	–	397	175%	361%	–	–	–	–
Executive and council	45	414	459	93	–	366	20%	207%	–	–	–	–
Finance and administration	99	0	99	71	–	28	71%	72%	–	–	–	–
Internal audit	15	–	15	12	–	3	83%	83%	–	–	–	–
Community and public safety	200	(107)	93	73	–	20	#DIV/0!	#DIV/0!	–	–	–	–
Community and social services	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Sport and recreation	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Public safety	200	(107)	93	73	–	20	79%	37%	–	–	–	–
Housing	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Health	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Economic and environmental services	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Planning and development	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Road transport	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Environmental protection	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Trading services	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Electricity	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Water	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Waste water management	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Waste management	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Other	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Total Capital Expenditure - Standard	359	307	666	249	–	417	#DIV/0!	#DIV/0!	–	–	–	–
Funded by:												
National Government	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Provincial Government	200	(107)	93	73	–	20	79%	37%	–	–	–	–
District Municipality	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Transfers recognised - capital	200	(107)	93	73	–	20	#DIV/0!	#DIV/0!	–	–	–	–
Public contributions & donations	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Borrowing	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Internally generated funds	159	1 349	573	176	–	397	31%	111%	–	–	–	–
Total Capital Funding	359	307	666	249	–	417	#DIV/0!	#DIV/0!	–	–	–	–

NAMAKWA DISTRICT MUNICIPALITY - Reconciliation of Table A7 Budgeted Cash Flows

Description	2019/20							2018/19
R thousand	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, peanalties and collection charges	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Service charges	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Other revenue	8 535	2 792	11 327	8 065	3 262	71.2%	94.5%	6 991
Government - operating	58 321	4 804	63 125	56 178	6 947	89.0%	96.3%	55 547
Government - capital	200	(107)	93	73	20	78.6%	36.6%	–
Interest	2 860	–	2 860	934	1 926	32.7%	32.7%	1 326
Dividends	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Payments								
Suppliers and employees	(65 207)	(6 488)	(71 695)	(67 867)	(3 828)	94.7%	104.1%	(64 314)
Finance charges	(169)	8	(161)	(46)	(115)	28.4%	27.0%	(30)
Transfers and Grants	(220)	(32)	(252)	(307)	55	121.8%	139.5%	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	4 320	977	5 297	(2 969)	8 266	#DIV/0!	#DIV/0!	(480)
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Decrease (increase) in non-current debtors	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Decrease (increase) other non-current receivables	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Decrease (increase) in non-current investments	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Payments								
Capital assets	(359)	(307)	(666)	(249)	(417)	37.4%	69.5%	(3 860)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(359)	(307)	(666)	(249)	(417)	37.4%	69.5%	(3 860)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Borrowing long term/refinancing	–	–	–	–	–	#DIV/0!	#DIV/0!	418
Increase (decrease) in consumer deposits	–	–	–	–	–	#DIV/0!	#DIV/0!	–
Payments								
Repayment of borrowing	–	(131)	(131)	(131)	0	100.0%	#DIV/0!	(145)
NET CASH FROM/(USED) FINANCING ACTIVITIES	–	(131)	(131)	(131)	0	100.0%	#DIV/0!	273
NET INCREASE/ (DECREASE) IN CASH HELD	3 961	539	4 501	(3 349)				(4 067)
Cash/cash equivalents at the year begin:	9 972	(2 434)	7 537	7 537				11 604
Cash/cash equivalents at the year end:	13 933	(1 895)	12 038	4 188	7 850	-635.2%	86.4%	7 537